

HIFMIP FUNCTIONAL DECOMPOSITION DIAGRAMS AND FUNCTION / PROCESS DEFINITIONS WITH FUNCTIONAL DEPENDENCY DIAGRAMS DOCUMENT – FINAL

HUD Integrated Financial Management Improvement Project

U. S. Department of Housing and Urban Development

May 2, 2005

Revision Sheet

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FUNCTIONAL DECOMPOSITION WITH FUNCTION/PROCESS DEFINITIONS AND DEPENDENCY DIAGRAMS DOCUMENT

TABLE OF CONTENTS

	<u>Page No.</u>
1.0 General Information	1-1
1.1 Purpose	1-1
1.2 Scope	1-2
1.3 Project References	1-3
1.4 Acronyms and Abbreviations	1-4
1.5 Points of Contact.....	1-7
1.5.1 Information Contacts	1-7
1.5.2 Coordination Contacts	1-10
2.0 Overview	2-1
2.1 Business Areas.....	2-1
2.1.1 FHA	2-1
2.1.2 Ginnie Mae	2-2
2.1.3 OFHEO.....	2-2
2.1.4 Other HUD Business Areas	2-2
2.1.4.1 HUD Administration	2-2
2.1.4.2 Grants, Subsidies, and Loans Management.....	2-3
2.2 Current System Summary	2-4
2.2.1 FHA	2-5
2.2.2 Ginnie Mae	2-5
2.2.3 OFHEO.....	2-6
2.2.4 HUD Administration	2-6
2.2.5 Grants/Subsidies Management	2-7
2.2.6 Loans Management.....	2-8
3.0 System Functions	3-1
3.1 HUD Administration	3-2
3.1.1 Funds Management.....	3-2

3.1.2	Purchasing Management.....	3-4
3.1.3	Accounts Payable Management.....	3-7
3.1.4	Accounts Receivable Management.....	3-9
3.1.5	Asset Management.....	3-11
3.1.6	Cost Management.....	3-13
3.1.7	Core Financial System Management.....	3-15
3.1.8	General Ledger Management.....	3-17
3.1.9	Financial Reporting.....	3-19
3.2	Grants / Subsidies Management.....	3-21
3.3	Loans Management.....	3-24
3.4	FHA.....	3-30
3.4.1	Accounts Payable Management.....	3-30
3.4.2	Accounts Receivable Management.....	3-32
3.4.3	Asset Management.....	3-34
3.4.4	Financial Reporting.....	3-36
3.4.5	Loan Management.....	3-37
3.5	Ginnie Mae.....	3-39
3.5.1	Accounts Payable Management.....	3-39
3.5.2	Accounts Receivable Management.....	3-41
3.5.3	Financial Reporting.....	3-43
3.6	OFHEO.....	3-45
3.6.1	Funds Management.....	3-45
3.6.2	Purchasing (Commitments and Obligations).....	3-45
3.6.3	Accounts Payable Management.....	3-45
3.6.4	Accounts Receivable Management.....	3-46
3.6.5	Asset Management.....	3-46
3.6.6	Financial Reporting.....	3-46
4.0	Business Processes.....	4-3
4.1	HUD Administration.....	4-4
4.1.1	Funds Management.....	4-4
4.1.1.1	Formulate Budget.....	4-4
4.1.1.2	Execute Budget.....	4-7
4.1.2	Purchasing (Commitments and Obligations).....	4-12
4.1.2.1	Manage Payroll.....	4-12
4.1.2.2	Manage Bankcard.....	4-16

4.1.2.3	Execute Purchases	4-20
4.1.2.4	Manage De-obligations	4-23
4.1.2.5	Execute TDY Travel	4-26
4.1.2.6	Manage Transportation (SATO)	4-29
4.1.2.7	Manage Relocation.....	4-31
4.1.3	Accounts Payable (Expenditures) Management	4-34
4.1.3.1	Execute Payments	4-34
4.1.3.2	Maintain Vendor/Customer Information	4-37
4.1.3.3	Generate IRS Form 1099s.....	4-40
4.1.4	Accounts Receivable	4-42
4.1.5	Asset Management.....	4-45
4.1.5.1	Acquire Personal Property	4-45
4.1.5.2	Personal Property Disposition.....	4-48
4.1.6	Cost Management	4-50
4.1.6.1	Administer Working Capital Fund	4-50
4.1.7	Core Financial System Management	4-56
4.1.7.1	Manage Account Definition	4-56
4.1.7.2	Manage Transaction Control.....	4-61
4.1.8	General Ledger Management.....	4-65
4.1.8.1	Record Accruals	4-65
4.1.8.2	Execute Year End Closing	4-65
4.1.8.3	Closing Analysis and Reconciliation	4-69
4.1.9	Financial Reporting	4-69
4.1.9.1	Generate HUD SF 224 Statement of Transactions.....	4-70
4.1.9.2	Generate Adjusted Trial Balance (ATB), FACTS II, Consolidated Financial Statements, and Treasury Report on Receivables Reporting.....	4-74
4.1.9.3	Internal and Ad-hoc Reporting.....	4-78
4.2	Grants/Subsidies Programs	4-79
4.2.1	Administer Grant Programs using IDIS.....	4-79
4.2.2	Administer Grant Programs	4-84
4.2.3	Administer Housing Subsidies using TRACS	4-90
4.2.4	Administer Section 235 and 236 Subsidy Programs.....	4-95
4.2.5	Administer Section 8 Subsidy Programs	4-99
4.2.6	Administer Fund 0304 - Debt Service Programs	4-103
4.2.7	Administer Section 202/811 Capital Grant Program	4-106
4.3	Loans.....	4-111
4.3.1	Administer Direct Loans.....	4-111
4.3.2	Administer Revolving Fund for Liquidating Programs	4-117
4.3.3	Administer Liquidating Fund for Section 108.....	4-122

4.3.4	Administer Low Rent Public Housing Loans	4-125
4.3.5	Administer Guaranteed Loans	4-130
4.3.5.1	Administer Guaranteed Loans – Program Funds	4-130
4.3.5.2	Administer Guaranteed Loans – Financing Funds	4-133
4.3.6	Administer Miscellaneous Funds.....	4-137
4.4	FHA.....	4-139
4.4.1	Accounts Payable (Expenditures).....	4-139
4.4.2	Accounts Receivables Management	4-142
4.4.3	Asset Management.....	4-145
4.4.3.1	Acquire Real Estate.....	4-145
4.4.3.2	Dispose of Real Estate	4-147
4.4.4	Financial Reporting	4-149
4.4.4.1	Generate SF-224 Statement of Transactions	4-149
4.4.5	Loan Management	4-151
4.4.5.1	Administer Guaranteed Loan	4-151
4.5	Ginnie Mae	4-154
4.5.1	Accounts Payable (Expenditures) Management	4-154
4.5.2	Accounts Receivables Management	4-157
4.5.3	Financial Reporting	4-159
4.5.3.1	Generate SF-224 Statement of Transactions	4-159
4.5.3.2	Generate FACTS I, SF-133, and Consolidated Financial Statement Reporting	4-161
4.6	OFHEO.....	4-164
4.6.1	Funds Management.....	4-164
4.6.1.1	Formulate Budget.....	4-164
4.6.1.2	Execute Budget	4-167
4.6.2	Purchasing (Commitments and Obligations).....	4-170
4.6.2.1	Manage Purchasing (Contracts)	4-170
4.6.2.2	Manage Payroll	4-172
4.6.2.3	Manage Travel	4-175
4.6.3	Accounts Payable (Expenditure) Management.....	4-177
4.6.4	Accounts Receivable Management.....	4-179
4.6.5	Asset Management.....	4-181
4.6.5.1	Acquire Personal Property and Equipment (PP&E).....	4-181
4.6.5.2	Dispose of Personal Property & Equipment	4-183
4.6.6	Financial Reporting	4-185
4.6.6.1	Generate FACTS I, FACTS II, and Consolidated Financial Statement Reporting	4-185

TABLE OF FIGURES

Figure 2-1 HUD Integrated Financial Management Structure	2-1
Figure 2-2 Financial System Flow.....	2-4
Figure 3-1 Funds Management System Function – HUD Administration	3-3
Figure 3-2a Purchasing Management System Function – HUD Administration.....	3-5
Figure 3-3 Accounts Payable Management System Function – HUD Administration	3-8
Figure 3-4 Accounts Receivable Management System Function – HUD Administration	3-10
Figure 3-5 Asset Management System Function – HUD Administration	3-12
Figure 3-6 Cost Management System Function – HUD Administration.....	3-14
Figure 3-7 Core Financial System Management Function – HUD Administration	3-16
Figure 3-8 General Ledger Management Function – HUD Administration.....	3-18
Figure 3-9 Financial Reporting System Function – HUD Administration	3-20
Figure 3-10 Grants System Functions	3-22
Figure 3-11 HUD Subsidy Programs System Functions	3-23
Figure 3-12 Guaranteed Loans System Functions.....	3-25
Figure 3-13 Direct Loans System Functions	3-26
Figure 3-14 Miscellaneous Funds System Functions	3-27
Figure 3-15 Liquidating Fund for Section 108 System Functions	3-28
Figure 3-16 Low Rent Public Housing Fund System Functions	3-29
Figure 3-17 FHA Accounts Payable Management System Functions.....	3-31
Figure 3-18 FHA Accounts Receivable Management System Functions	3-33
Figure 3-19 FHA Asset Management System Functions	3-35
Figure 3-20 FHA Financial Reporting System Functions	3-36
Figure 3-21 FHA Loan Management System Functions.....	3-38
Figure 3-22 Ginnie Mae Accounts Payable System Functions	3-40
Figure 3-23 Ginnie Mae Accounts Receivable Management System Functions.....	3-42
Figure 3-24 Ginnie Mae Financial Reporting System Functions	3-44
Figure 3-25 Funds Management System Function - OFHEO	3-47
Figure 3-26 Purchasing Management System Function – OFHEO.....	3-48
Figure 3-27 Accounts Payable Management System Function - OFHEO	3-49
Figure 3-28 Accounts Receivable Management System Function - OFHEO	3-50
Figure 3-29 Asset Management System Function - OFHEO	3-51
Figure 3-30 Financial Reporting System Function - OFHEO	3-52

LIST OF TABLES

Table 1-1 HIFMIP High-level FRD Reference Material.....	1-3
Table 1-2 Acronyms and Abbreviations.....	1-4
Table 1-3 HIFMIP HUD Points of Information Contacts	1-7
Table 1-4 The MIL Corporation Points of Contact	1-10
Table 1-5 Information Exchange Meeting Participants.....	1-10
Table 4-1 Formulate Budget Activity Steps	4-4
Table 4-2 HUD Uniform Budget Structure	4-7
Table 4-3 Execute Budget Activity Steps.....	4-9
Table 4-4 Manage Payroll Activity Steps.....	4-13
Table 4-5 Manage Bankcard Activity Steps.....	4-17
Table 4-6 Execute Purchases Activity Steps	4-20
Table 4-7 Manage De-obligations Activity Steps	4-23
Table 4-8 Execute TDY Travel Activity Steps.....	4-26
Table 4-9 Manage Transportation (SATO) Activity Steps.....	4-29
Table 4-10 Manage Relocation Activity Steps	4-31
Table 4-11 Execute Payments Activity Steps.....	4-34
Table 4-12 Maintain Vendor/Customer Activity Steps	4-38
Table 4-13 Generate IRS Form 1099	4-40
Table 4-14 Manage Accounts Receivable Activity Steps	4-42
Table 4-15 Acquire Personal Property Activity Steps.....	4-45
Table 4-16 Dispose of Personal Property Activity Steps	4-48
Table 4-17 Administer Working Capital Fund Activity Steps	4-51
Table 4-18 Manage Account Definition Activity Steps	4-58
Table 4-19 Manage Transaction Control Activity Steps	4-62
Table 4-20 Execute Year End Closing Activity Steps.....	4-65
Table 4-21 Generate HUD SF 224 Statement of Transactions Activity Steps	4-71
Table 4-22 Generate ATB, FACTS II, Consolidated Financial Statements, TROR Activity Steps.....	4-75
Table 4-23 Administer Grants Programs using IDIS Activity Steps.....	4-79
Table 4-24 Administer Grant Programs Activity Steps.....	4-84
Table 4-25 Administer Housing Subsidies using TRACS Activity Steps	4-90
Table 4-26 Administer Section 235 and 236 Subsidy Programs Activity Steps	4-95
Table 4-27 Administer Section 8 Subsidy Programs Activity Steps	4-99
Table 4-28 Administer Fund 0304 – Debt Service Programs Activity Steps	4-103
Table 4-29 Administer Section 202/811 Capital Grant Program Activity Steps.....	4-106
Table 4-30 Administer Direct Loans Activity Steps	4-111
Table 4-31 Administer Revolving Fund for Liquidating Programs Activity Steps.....	4-117
Table 4-32 Administer Liquidating Fund for Section 108 Activity Steps.....	4-122

Table 4-33 Administer Low Rent Public Housing Loans Activity Steps.....	4-125
Table 4-34 Administer Guaranteed Loans – Program Funds Activity Steps.....	4-130
Table 4-35 Administer Guaranteed Loans – Financing Funds Activity Steps	4-133
Table 4-36 Administer Miscellaneous Funds Activity Steps	4-137
Table 4-37 Execute Payments Activity Steps - FHA	4-139
Table 4-38 Manage Receivables Activity Steps - FHA.....	4-142
Table 4-39 Acquire Real Estate Activity Steps - FHA.....	4-145
Table 4-40 Dispose of Real Estate Activity Steps - FHA.....	4-147
Table 4-41 Generate SF-224 Statement of Transactions Activity Steps - FHA	4-149
Table 4-42 Administer Guaranteed Loan Activity Steps - FHA	4-151
Table 4-43 Execute Payments Activity Steps – Ginnie Mae.....	4-154
Table 4-44 Manage Receivables Activity Steps – Ginnie Mae	4-157
Table 4-45 Generate SF-224 Statement of Transactions Activity Steps – Ginnie Mae	4-159
Table 4-46 Generate FACTS I, SF-133, and Consolidated Financial Statement Reporting Activity Steps – Ginnie Mae	4-161
Table 4-47 Formulate Budget Activity Steps - OFHEO.....	4-164
Table 4-48 Execute Budget Activity Steps - OFHEO	4-167
Table 4-49 Manage Purchasing (Contracts) Activity Steps - OFHEO	4-170
Table 4-50 Manage Payroll Activity Steps - OFHEO	4-172
Table 4-51 Manage Travel Activity Steps - OFHEO	4-175
Table 4-52 Execute Payments Activity Steps - OFHEO	4-177
Table 4-53 Manage Receivables Activity Steps - OFHEO	4-179
Table 4-54 Acquire Personal Property and Equipment Activity Steps - OFHEO	4-181
Table 4-55 Dispose of Personal Property and Equipment Activity Steps - OFHEO.....	4-183
Table 4-56 Generate FACTS I, FACTS II, and Consolidated Financial Statement Activity Steps - OFHEO	4-185

TABLE OF DIAGRAMS

Diagram 4-1 Formulate Budget - HUD Administration.....	4-6
Diagram 4-2 Execute Budget - HUD Administration	4-11
Diagram 4-3 Manage Payroll - HUD Administration	4-15
Diagram 4-4 Manage Bankcard - HUD Administration.....	4-19
Diagram 4-5 Execute Purchases - HUD Administration	4-22
Diagram 4-6 Manage De-obligations - HUD Administration	4-25
Diagram 4-7 Execute TDY Travel - HUD Administration	4-28
Diagram 4-8 Manage Transportation (SATO) - HUD Administration	4-30
Diagram 4-9 Manage Relocation - HUD Administration.....	4-33
Diagram 4-10 Execute Payments - HUD Administration	4-36
Diagram 4-11 Maintain Vendor/Customer – HUD Administration	4-39
Diagram 4-12 Generate Form 1099 – HUD Administration	4-41
Diagram 4-13 Manage Accounts Receivable – HUD Administration.....	4-44
Diagram 4-14 Acquire Personal Property – HUD Administration.....	4-47
Diagram 4-15 Dispose of Personal Property – HUD Administration	4-49
Diagram 4-16 Administer Working Capital Fund – HUD Administration	4-55
Diagram 4-17 Manage Account Definition – HUD Administration	4-60
Diagram 4-18 Manage Transaction Control – HUD Administration	4-64
Diagram 4-19 Year End Closing Process	4-68
Diagram 4-20 Generate SF 224 Statement of Transactions – HUD Administration.....	4-73
Diagram 4-21 Generate ATB, FACTS II, Consolidated Financial Statements and TROR – HUD Administration	4-77
Diagram 4-22 Administer Grant Programs using IDIS	4-83
Diagram 4-23 Administer Grant Programs.....	4-88
Diagram 4-24 Administer Housing Subsidies using TRACS Process	4-94
Diagram 4-25 Administer Section 235 and 236 Subsidy Programs	4-98
Diagram 4-26 Administer Section 8 Subsidy Programs.....	4-102
Diagram 4-27 Administer Fund 0304 – Debt Service Programs.....	4-105
Diagram 4-28 Administer Section 202/811 Capital Grant Program.....	4-110
Diagram 4-29 Administer Direct Loans	4-116
Diagram 4-30 Administer Revolving Fund for Liquidating Programs.....	4-121
Diagram 4-31 Administer Liquidating Fund for Section 108	4-124
Diagram 4-32 Administer Low Rent Public Housing Loans.....	4-129
Diagram 4-33 Administer Guaranteed Loans – Program Funds	4-132
Diagram 4-34 Administer Guaranteed Loans – Financing Funds	4-136

Diagram 4-35 Administer Miscellaneous Funds	4-138
Diagram 4-36 Execute Payments - FHA	4-141
Diagram 4-37 Manage Receivables - FHA	4-144
Diagram 4-38 Acquire Real Estate - FHA.....	4-146
Diagram 4-39 Dispose of Real Estate - FHA	4-148
Diagram 4-40 Generate SF-224 Statement of Transactions Report	4-150
Diagram 4-41 Administer Guaranteed Loans - FHA	4-153
Diagram 4-42 Execute Payments – Ginnie Mae.....	4-156
Diagram 4-43 Manage Receivables – Ginnie Mae.....	4-158
Diagram 4-44 Generate SF-224 Statement of Transactions – Ginnie Mae	4-160
Diagram 4-45 Generate FACTS I, SF-133, and Consolidated Financial Statements – Ginnie Mae	4-163
Diagram 4-46 Formulate Budget – OFHEO.....	4-166
Diagram 4-47 Execute Budget - OFHEO.....	4-169
Diagram 4-48 Manage Purchasing - OFHEO.....	4-171
Diagram 4-49 Manage Payroll - OFHEO.....	4-174
Diagram 4-50 Manage Travel - OFHEO	4-176
Diagram 4-51 Execute Payments - OFHEO	4-178
Diagram 4-52 Manage Receivables - OFHEO	4-180
Diagram 4-53 Acquire PP&E - OFHEO	4-182
Diagram 4-54 Dispose of PP&E - OFHEO.....	4-184
Diagram 4-55 Generate FACTS I, FACTS II, and Consolidated Financial Statement	4-187

1.0 GENERAL INFORMATION

1.0 GENERAL INFORMATION

The Department of Housing and Urban Development (HUD) is in the process of modernizing its financial management systems in accordance with a vision of financial management consistent with legislation, OMB directives, modern business practices, customer service, and technology. The overall initiative to implement the financial management vision is the HUD Integrated Financial Management Improvement Project (HIFMIP). Within HIFMIP, several implementation phases have been defined to provide a manageable method of moving from the current state to the desired financial management environment. These phases, as described in the HUD's Financial Management Vision Document (CFO Vision Document) dated January 12, 2004, appear below:

Phase I: Execute a series of short-term improvements to prepare HUD for the implementation of the core financial solution, strengthen financial policy, expedite solution development and select a core solution.

Phase II: Implement an integrated core financial solution that leverages state of the art technologies and reengineers business processes based on federal requirements and industry best practices.

Phase III: Enhance, redesign or replace operational interfaces to eliminate any negative impact on the financial cycle.

Phase IV: Leverage the core financial solution through the implementation of decision support, performance management, and customer relationship management solutions.

Phase II of the HIFMIP project is the selection and implementation of a new HUD-wide financial management system. The new system, currently called the Integrated Core Financial System (ICFS), will provide the first building block to enable later integration with other desired management improvements such as enterprise performance management. HUD describes the end result of the phased approach as the Integrated Financial Management Solution (IFMS), of which ICFS is one key component. HUD is currently preparing to select and implement the ICFS as recommended in the May 18, 2004 Independent Decision and Recommendation Paper (IDRP)¹.

1.1 Purpose

The HUD Vision is to implement an integrated financial management system that will include all HUD organizations, including FHA, Ginnie Mae and OFHEO. The transition from the "as is" to the "to be" will require a comprehensive multi-year project plan and strategy that will be completed in phases. The initial stage will support four separate financial system modernization efforts; however, representatives from each of the four CFO organizations will work to standardize their systems, processes and procedures to support eventual migration to a single system. The

¹ Calibre, *Independent Decision and Recommendation Paper*, May 18, 2004, rev. June 1, 2004, Section 2.3.2 "Alternative Analysis and Recommendation."

decision whether to finally transition to a single system will be based on the level of consolidation and integration required to meet the financial information requirements for all HUD stakeholders, and also will consider the software, hardware and support available to HUD. The final decision whether to maintain more than one core financial system will be based on the alternative that is most cost effective and efficient for HUD.

ICFS involves the full implementation of an end to end integrated financial system that includes core financial and other functions such as general ledger, accounts payable, accounts receivable, budget execution (funds control), asset management, cost management, reporting, obligation processing, expenditure tracking, acquisition, cash management, cost accounting, financial reporting, workflow automation and federal financial assistance reporting including grants, subsidies and loans. The interfaces will include eTravel, Treasury, payroll, bankcard, and program systems, e.g. IDIS, TRACS. Temporary interfaces until transition to an integrated financial system include FHA Subsidiary Ledger, Ginnie Mae subsidiary general ledger, and OFHEO's Financial Information Management System (FIMS). The final broad requirement for HIFMIP is to replace HUDCAPS, PAS, and LOCCS with a modern, compliant, integrated core financial system that will summarize financial data, control funds, prepare annual financial statements, and meet all internal and external reporting requirements across the agency.

The purpose of this document is to:

- Decompose HUD's existing system functions into elementary processes
- Illustrate the hierarchical breakdown of our analysis by way of functional hierarchy diagrams
- Define and describe the elementary business processes with a pictorial reference using functional dependency diagrams showing the dependencies of the elementary processes within a function.

This document contains the results of The MIL Corporation's analysis of the systems and business processes within the scope of the HIFMIP project. The systems analyzed here are: HUDCAPS, LOCCS, PAS, Hyperion, the Financial Data Mart, MACOLA, FHA Subsidiary Ledger, OFHEO's Financial Information Management System and the internal and external interfaces to/from these systems.

1.2 Scope

This document defines and describes the core financial functions currently supported by HUD's financial systems. As mentioned previously, the systems analyzed here are: HUDCAPS, LOCCS, PAS, Hyperion, and the Financial Data Mart and the internal and external interfaces to/from these systems.

1.3 Project References

In the preparation of this document, many references were used as specified below. They include documentation developed during the Initiate phase of the HUD Integrated Financial Management Improvement Project (HIFMIP), external resources, and several documents from HUD's Software Development Methodology (SDM).

Table 1-1 HIFMIP High-level FRD Reference Material

HIFMIP Initiate Phase Documentation
HUD Financial Management Vision
HUD Financial Systems Flow Chart Discussion Paper
Financial Event Information Flow Diagrams and Discussion Paper
HIFMIP Interview Notes Highlights
HUD Standards Documentation
The Budget and Accounting Handbook Policies and Procedures (available on www.hudclips.org)
Department of Housing and Urban Development: Status of Efforts to Implement an Integrated Financial Management System (GAO-03-447R)
Draft HUD CFO BPR Reconciliation of Subsidiary Ledger to General Ledger
Ginnie Mae 2003 Annual Report
FHA FY 2004 Congressional Budget Justification
HUD's Performance and Accountability Report 2004
The 2005 Proposed Budget for HUD submitted to Congress
HUD Intranet, http://hudweb.hud.gov
HUD Internet website, http://www.hud.gov
Inventory of Automated Systems
OFHEO FY2003 Annual Report to Congress
Memorandum on OFHEO Financial System Requirements
OFHEO Integrated Financial and Administrative System presentation
OFHEO Financial Information Management System presentation

External Resources Documentation
GAO Core Financial System Requirements Checklist for Reviewing Systems under the FFMIA
Joint Financial Management Improvement Program, Core Financial System Requirements
Joint Financial Management Improvement Program, Grant Financial System Requirements
Joint Financial Management Improvement Program, Guaranteed Loan System Requirements
Joint Financial Management Improvement Program, Direct Loan System Requirements
Office of Management and Budget Circular A-127, Financial Management Systems – revised December 2004.

1.4 Acronyms and Abbreviations

A list of acronyms and abbreviations used in this document and the meaning of each is provided below in Table 1-2.

Table 1-2 Acronyms and Abbreviations

Acronym/Abbreviation	Definition
ACFO	Assistant Chief Financial Officer
ACH	Automated Clearing House
APO	Accountable Property Officers
BONDMAPPER	Bond Payment
BOSS	Section 8 Budget Outlay Support System
CFO-AC	Chief Financial Officer Accounting Center
CLAIMS	Single Family Insurance Claims Subsystem
CMB	Cash Management Branch
CPD	Community Planning and Development
DARTS	Departmental Accounts Receivable Tracking/Collection System
DCAMS	Title I Notes Servicing
DGMS	Departmental Grants Management System
DMS	Default Management System
ECS	Electronic Certification System
EFT	Electronic Funds Transfer
EZB	EZBudget (Budget Formulation System)
FAADS	Federal Assistance Award Data
FAR	Federal Acquisition Regulations

Acronym/Abbreviation	Definition
FEDWIRE	Treasury, FEDWIRE Deposit System
FEMIS	Furniture and Equipment Management Information System
FFB	Federal Financing Bank
FFMIA	Federal Financial Management Improvement Act
FRB	Federal Reserve Bank – Richmond
FIMS	Financial Information Management System
FHA	Federal Housing Administration
FHA-SL	FHA Subsidiary Ledger
FHEO	Fair Housing and Equal Opportunity
Financial-DM	Financial Data Mart
FRD	Functional Requirements Document
GAO	Government Accountability Office
Ginnie Mae	Government National Mortgage Association
GOALS	Government On-line Accounting Link System
GSA	General Services Administration
GTM	Government Technical Manager
GTR	Government Technical Representative
HCFSS	HUD's Consolidated Financial Statement System (Hyperion)
HECM	Home Equity Conversion Mortgages
HH & LHC	Healthy Homes and Lead Hazard Control
HIFMIP	HUD Integrated Financial Management Improvement Project
HPS	HUD Procurement System
HPS/SPS	HPS-Small Purchase System
HTMS	HUD Travel Management System
HUDCAPS	HUD's Central Accounting and Program System
ICFS	Integrated Core Financial System
IDIS	Integrated Disbursement & Information System
IG	Inspector General
IPAC	Intra-governmental Payment and Collection System
JFMIP	Joint Financial Management Improvement Project
LAS	Loan Accounting System
LOCCS	Line of Credit Control System
MASS	Macola Accounting Software System
MDDR	Multifamily Default and Delinquency Reporting
MFIC	Multifamily Insurance and Claims System

Acronym/Abbreviation	Definition
MFIS	Multifamily Insurance
MFPMS	Multifamily Payment Management System
MIP	Mortgage Insurance Premium
NFC	National Finance Center
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OFHEO	Office of Federal Housing and Enterprise Oversight
OH	Office of Housing
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPAC	On-Line Payment and Collection System
OSDM	Office of System and Development
PAS	Program Accounting System
PC-TARE	Personnel Computer Time & Attendance Remote Entry System
PD&R	Policy, Development and Research
PIH	Public and Indian Housing
PMS	Property Management System
PSCRS	Personal Service Cost Report Subsystem
RC/EZ/EC	Renewal Communities/Empowerment Zones/Enterprise Communities Performance Measurement System
REMS	Real Estate Management System
SAMS	Single Family Acquired Asset Management System
SATO	Scheduled Airline Traffic Office
SAVE	Section 235 Automated Validation and Editing
SDED	System Development and Evaluation Division
SDM	System Development Methodology
SFIS	Single Family Insurance System
SFMNS/IFS	Single Family Mortgage Notes Servicing
SFPCS-P	Single Family Premium Collection System-Periodic
SFPCS	Single Family Upfront Premium Collection System
SME	Subject Matter Expert
TFCS	Treasury Financial Communication System
TIIS	Title I Insurance and Claims
TRACS	Tenant Rental Assistance Certification System
US SGL	United States Standard General Ledger

Acronym/Abbreviation	Definition
UPB	Unpaid Principle Balance
VRS	Voice Response System
WCF	Working Capital Fund

1.5 Points of Contact

This section documents government and contractual contacts for the HIFMIP project.

1.5.1 Information Contacts

Table 1-3 HIFMIP HUD Points of Contact below lists the points of organizational contact (POCs) that may be needed by the document user for informational and troubleshooting purposes for the HIFMIP Project. The table identifies the type of contact, contact name, department, telephone number, and e-mail address.

Table 1-3 HIFMIP HUD Points of Information Contacts

Type of Contact	Name	Dept.	Telephone	Email
Government Technical Representative	Kenneth Traylor	OCFO	(202) 708-1757 x6241	Kenneth_J._Traylor@hud.gov
Government Technical Monitor	Virginia Shaker	OCFO	(202) 708-1136 x3805	Virginia_A._Shaker@hud.gov
Project Manager	Mary Kohlmeier	OCFO	(202) 708-0614 x3853	Mary_L._Kohlmeier@hud.gov
Business Subject Matter Expert – OCFO Systems	Gail Dise	OCFO	(202) 708-1757 x3749	Gail_B._Dise@hud.gov
Business Subject Matter Expert – Ginnie Mae	Michael Najjum	Ginnie Mae – OCFO	(202) 708-1020 x2344	Michael_J._Najjum@hud.gov

Type of Contact	Name	Dept.	Telephone	Email
Business Subject Matter Expert – FHA	Ronald Crupi	Housing-Office of Financial Analysis & Reporting	(202) 401-0450 x3371	Ronald_E._Crupi@hud.gov
Macola Project Manager	Wesley Jones	Ginnie Mae Comptroller’s Division	(202) 708-4100 x3908	Wesley _E._ Jones@hud.gov
FHA-SL Project Manager	William Fuentevilla	Housing-FHA Comptroller’s Office	(202) 708-1020 x2344	William_F._Fuentevilla@hud.gov
Business Subject Matter Expert – OFHEO	Gail Palestine	OFHEO – Budget and Finance	(202) 414-3816	GPalestine@ofheo.gov
Business Subject Matter Expert – Grants	Barbara Dorf	Grants Policy	(202) 708-0667 x4637	Barbara_Dorf@hud.gov
Business Subject Matter Expert – CPD	Laura Marin	Director, Office of Technical Assistance and Management	(202) 708-4604 x4432	Laura_M._Marin@hud.gov
Business Subject Matter Expert – OH	Ronald Spraker	Director, Office of Budget and Field Resources (OH)	(202) 708-8975 x6851	Ronald_Y._Spraker@hud.gov
Business Subject Matter Expert – PIH	Paul Scott	Director, Budget Office (PIH)	(202) 708-0920 x2354	Paul_A._Scott@hud.gov
Business Subject Matter Expert – PD&R	Patrick Tewey	Director, Budget Office (PD&R)	(202) 708-1796 x4098	Patrick_J._Tewey@hud.gov
Business Subject Matter Expert – HH and LHC	Joseph Smith	Deputy Director (HH and LHC)	(202) 708-0310	Joseph_Smith@hud.gov

Type of Contact	Name	Dept.	Telephone	Email
Business Subject Matter Expert – FHEO	Paul Christian	Director, Office of Management and Planning (FHEO)	(202) 708-1009	Paul_T._Christian@hud.gov
Advisory	Curtis Hagan	IG	(202) 708-0344 x8149	Curtis_W._Hagan@hud.gov

The MIL Corporation points of contact are contained below in Table 1-4 The MIL Corporation Points of Contact:

Table 1-4 The MIL Corporation Points of Contact

Type of Contact	Name	Telephone	Email
Operational Vice President	Linda Glasco	(202) 708-1136 x3814	lglasco@milcorp.com
Project Manager	James Hoyer	(202) 708-1136 x3837	jhoyer@milcorp.com
Quality Assurance Manager	Karen McGee	(202) 708-1136 x3727	kmcgee@milcorp.com
Institutional SME	Mary Ellen Firor	(202) 708-1136 x3835	mfiror@milcorp.com
Institutional SME	David Margolies	(202) 708-1136 x3834	dmargolies@milcorp.com

1.5.2 Coordination Contacts

The MIL Corporation team coordinated and participated in Information Exchange Meetings with the following organizations for the development of the High-level Functional Requirements Document. Table 1-5 Information Exchange Meeting Participants appears below:

Table 1-5 Information Exchange Meeting Participants

Name	Office
Allen, Dot	HH and LHC: Budget and Admin Services Division
Allen, Ennis	PIH: Office of Budget/CFO
Allen, Pamela	PIH: Grants Management Center
Allison, Sandra	Housing: Deputy Assistant Secretary for Finance and Budget
Angradi, Doug	CPD: ODAS/O, OTAM, Budget Division
Avery, Stephanie	PIH: Departmental Real Estate Center

Name	Office
Bacon, Cuttie	CFO Budget
Brill, Faye	CPD: ODAS/O, OTAM, System Development Evaluation Division
Brever, Robert	CPD: ODAS/O, OTAM, System Development Evaluation Division
Brown, Carolyn	CFO: Accounting Monitoring Analysis Division
Bullard, Kathy	CFO: Accounting Center
Byrd, Yolanda	FHEO: ODAS/OM, OAS, Budget Division
Callaham, Rufus	CFO: Accounting Monitoring Analysis Division
Chapman, Rebecca	CFO: Accounting Monitoring Analysis Division
Christian, Paul	FHEO, ODAS/OM, Office of Management and Planning
Crupi, Ronald	Housing: Office of Financial Analysis and Reporting
Cullom, Alice	CFO: OACFO/OS, Financial Services Maintenance Division
Davies, Chris	CFO: OACFO/OS, Financial Services Maintenance Division
Der, Virginia	PD&R: Budget, Contract and Program Control Division
Donzell, Keith	CFO: OACFO/OA, Financial Reporting Division
Fuentevilla, William	Housing: FHA Comptroller
Garner, Wally	CFO: Accounting Monitoring Analysis Division
Gayton, Carl	CFO: OACFO/OS, Financial System
Greene, Bryan	FHEO: Office of Policy, Legislative Initiatives and Outreach
Hall, Michelle	HH and LHC: Budget and Admin Services Division
Harris, Virgie	PIH: Grants Management Center
Holmes, Deborah	Ginnie Mae OMO, Information Management Division
Hutchinson, Iredia	PIH: Grants Management Center
Hylton, Lanier	Housing: Office of Housing Assistance Contract Admin Oversight
Jackson, Sandy	PIH: OB/CFO, Budget Administration Division
James, Haven	CFO: Accounting Monitoring Analysis Division
Jones, Otis	CFO: Accounting Center
Jones, Wesley	Ginnie Mae: Comptroller's Division

Name	Office
Kahn, Barry	CFO Travel
Lincoln, Vince	CFO Budget
Linn, Larry	Contractor: Delta Solutions
Louis, Elizabeth	CPD: ODAS/O, OTAM, Budget Division
Mancuso, Tricia	CFO: OACFO/OS, Financial Services Maintenance Division
Marin, Laura	CPD: ODAS/O, Office of Technical Assistance and Management
McGill, Regina	PIH: Office of Public Housing Investments
McGinnis, Alvin	CFO: Monitoring and Analysis Branch
McKinney, Rudy	CFO: Accounting Monitoring Analysis Division
Najjum, Michael	Ginnie Mae: Office of Finance
Naylor, Gregory	CPO: Policy and Field Operations Division
Newry, Myron	FHEO:FHIP/FHAP Division
Owens, Cheryl	Ginnie Mae: Office of Management Operations
Palestine, Gail	OFHEO: Manager, Budget and Finance
Parker, Sheron	ADMIN: OCIO
Patton, Debra	CFO: Accounting Center
Press, Rhonda	CFO: OACFO/OS, Financial Services Maintenance Division
Redder, Rita	CFO: OACFO/OS, Financial Services Maintenance Division
Reid, Garland	CFO: OB, Budget Management and Systems Division
Roberts, June	CFO: WCF Accounting
Sarkis, Bill	CFO: OACFO/OA, Financial Reporting Division
Scott, Paul	PIH: Office of Budget/CFO
Simmons, Michael	CFO: OACFO/OS, Financial Services Maintenance Division
Spraker, Ronald	Housing: Office of Budget and Field Resources
Stutzman, Kevin	ADMIN: OCIO
Tewey, Patrick	PD&R: Budget, Contract and Program Control Division
Toately, Eric	Housing: Funding Control Division
Trapani, Joseph	CFO: OACFO/OS, Financial Services Maintenance Division

Name	Office
Treadwell, Angela	CFO: Accounting Monitoring Analysis Division
Uebe, Will	CFO: OACFO/OS, FSMD
Wang, Pauline	CFO: Accounting Monitoring Analysis Division
Webster, Paul	CPD: Financial Management Division
Wenstrup, Karen	CFO: OACFO/OS, Financial Services Maintenance Division
Williams, Emily E.	HH and LHC: Healthy Homes Division
Williams, Jackie	CPD: ODAS/ED
Zahner, Keith	CFO: OACFO/OS, Financial Services Maintenance Division

2.0 OVERVIEW

2.0 OVERVIEW

The HUD Financial Management Vision document describes the business areas that are included in the HUD Integrated Financial Management (IFM) structure (Figure 2-1). In the Integrated Core Financial system, HUD IFM will exist as the top-level entity within the Department. HUD's consolidated accounting and financial reporting for all entities will be achievable at this level. FHA, Ginnie Mae, OFHEO, and Other HUD Business Areas exist as sub-entities or subsidiary ledgers with the capability to perform integrated financial management using their own set of accounting, financial statement, and financial reporting capabilities.

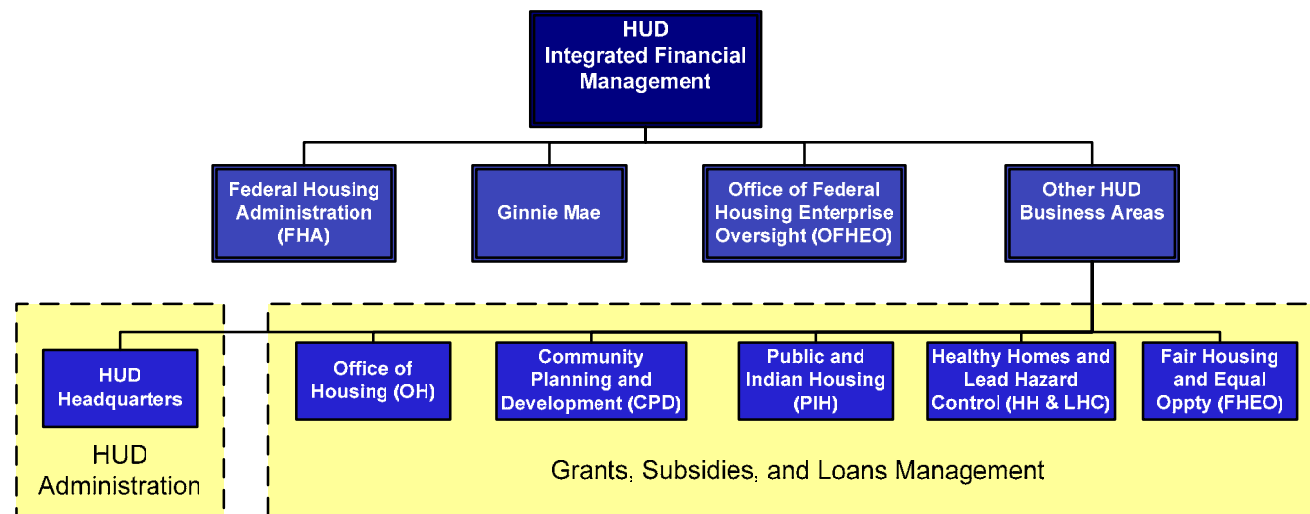


Figure 2-1 HUD Integrated Financial Management Structure

2.1 Business Areas

2.1.1 FHA

Federal Housing Administration (FHA), a major program area for HUD, provides mortgage insurance on loans made by FHA-approved lenders throughout the United States. FHA insures mortgages relating to one to four family residences, multifamily rental housing, condominiums, nursing homes, assisted living facilities, hospitals, manufactured housing, property improvement, and "special risk" units. It is the largest insurer of mortgages in the world, insuring nearly 33 million properties since its inception in 1934.

2.1.2 Ginnie Mae

Government National Mortgage Association (Ginnie Mae) is a wholly-owned government corporation within the U.S. Department of Housing and Urban Development (HUD). Ginnie Mae expands affordable housing options throughout the United States via the secondary mortgage market. Specifically, Ginnie Mae guarantees the timely payment of principal and interest on securities issued by private institutions and backed by federally-insured or guaranteed mortgage loans. In so doing, this helps ensure a more stable lending environment, lower mortgage rates, and ultimately makes more mortgages available to more low- to moderate-income families.

2.1.3 OFHEO

The Office of Federal Housing Enterprise Oversight (OFHEO), an independent entity within the Department of Housing and Urban Development, promotes housing and a strong economy by ensuring the safety and soundness of Fannie Mae and Freddie Mac and fostering the strength and vitality of the nation's housing finance system. OFHEO supports two major lines of business: buying and holding mortgages and guaranteeing securities backed by residential mortgages.

2.1.4 Other HUD Business Areas

The Other HUD Business Areas entity is broken down further to represent organizations that carry out HUD's financial management activities by way of HUD Administration and Grants, Subsidy, and Loans Management.

2.1.4.1 HUD Administration

The Office of the Chief Financial Officer is responsible for:

- Leading the Department's Headquarters and Field Office officials toward the understanding and practice of sound financial management in program development and operations and in the stewardship of public resources.
- Advising the Secretary on all aspects of financial management.
- Ensuring that the Department establishes and meets financial management goals and objectives and that HUD is in compliance with financial management legislation and directives. The scope of activity crosscuts the entire Agency.
- Establishing policies and standards for development, maintenance, operations and evaluation of HUD's financial management systems. This includes: budget and accounting systems; internal control systems; financial reporting systems; asset and credit management systems; and systems to audit compliance with financial management and related requirements.
- Coordinating policy of financial accounting systems and services for HUD.

Activities relating to carrying out these activities fall under the HUD Administration business area.

2.1.4.2 Grants, Subsidies, and Loans Management

HUD awards grants to organizations and groups for a variety of purposes. The following organizations are just a few of the offices that support the administration of the grant, subsidy, and loan offerings supported by the Department.

The Office of Housing - The Office of Housing administers various rental subsidies, homeownership subsidies, and grant programs designed to provide housing to low and moderate income persons as well as the elderly and disabled. Examples of some of the programs that are supported by the Office of Housing are Section 8 Project-Based Rental Assistance and Section 202/811 Capital Grants.

The Office of Community Planning and Development (CPD) - CPD administers the Department's major economic and community development grant programs, several housing programs (such as Housing for People with AIDS (HOPWA)), and HUD's homeless assistance programs.

The Office of Public and Indian Housing (PIH) - PIH programs serve low and very low-income families and individuals who live in public housing, Section 8 Tenant Based Rental Assistance housing, and Native American housing.

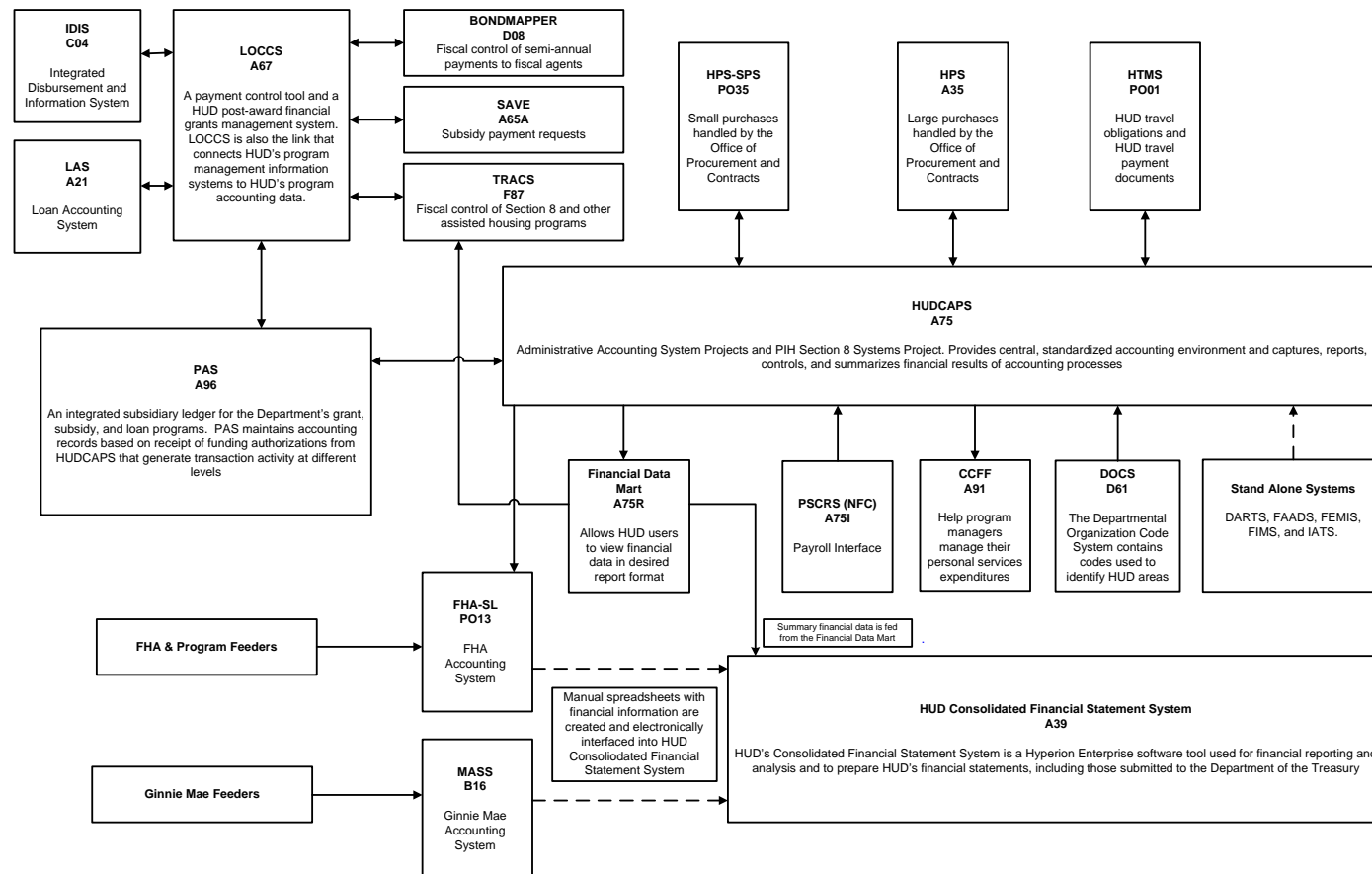
The Office of Healthy Homes and Lead Hazard Control (HH and LHC)- The Office of Healthy Homes and Lead Hazard Control provide funds to State and local governments to develop cost effective ways to reduce lead-based paint hazards and other housing related health risks.

The Office of Fair Housing and Equal Opportunity (FHEO) - FHEO enforces the Federal Fair Housing Act and other civil rights laws in its effort to ensure equal housing opportunity. The Federal Fair Housing Act prohibits discrimination based on race, color, religion, sex, national origin, disability, or familial status. FHEO also endeavors to direct jobs, training, and economic opportunities to low-income residents in communities receiving housing and community development assistance.

2.2 Current System Summary

This section describes a high level overview of the current systems environment that HUD employs to fulfill and support its financial management responsibilities. Figure 2-2 Financial System Flow below illustrates the financial system flow of HUD's current financial management systems.

Figure 2-2 Financial System Flow



The scope of our analysis focuses on the financial applications in place in each of the respective business areas as follows:

2.2.1 FHA

Federal Housing Administration (FHA), a major program area for HUD, maintains its own general ledger and financial management system known as FHA Subsidiary Ledger (FHA-SL). FHA-SL currently receives an inbound file from HUDCAPS however FHA-SL does not currently submit an automated outbound file back to HUDCAPS. Through FY 2002, Cash, Control, Accounting, Reporting System (CCARS) served as the general ledger and financial management system for FHA. In October, 2002, FHA-SL was installed in the FHA production environment. FHA-SL is a commercial-off-the-shelf (COTS) package from PeopleSoft that is intended to support HUD's general ledger and financial management functions with detail-level financial data categorized as one of the following financial functions: Funds Management, Purchasing, Accounts Payable, Accounts Receivable, Asset Management, Cash Management, Cost Management, General Ledger, and Financial Reporting. This information is then summarized at the General Ledger level and interfaced into HUD's Consolidated Financial Statement (HCFSS) System for reporting purposes. Constraints within the Department make this interface unusable. As such, FHA provides HUD with its financial information using an excel spreadsheet template developed by HUD.

The goal of the FHA Subsidiary Ledger is to be able to integrate electronically with other FHA feeder systems and HUD's core financial system. This is an effort towards HUD's objective to develop and maintain an integrated financial management system that produces accurate, timely, and relevant financial information. This also allows compliance with federal requirements for effective management of the Department of Housing and Urban Development.

2.2.2 Ginnie Mae

Government National Mortgage Association (Ginnie Mae), also a major program area for HUD, maintains a separate general ledger and financial management system known as the Macola Accounting Software System (MASS). Introduced in 1990, MASS is owned and maintained by Macola Corporation under contract with Ginnie Mae and serves as the current general ledger and financial management system for Ginnie Mae. This system provides Ginnie Mae's Office of Finance with necessary information to maintain the Comptroller's General Ledger. MASS consists of a general ledger system that provides user-defined statement formats and supports many accounting functions including: cash receipts, disbursements, and error correction. MASS also aids Ginnie Mae in satisfying external requests for information.

Ginnie Mae also uses HUD's accounting system (HUDCAPS) to process its administrative functions such as travel, payroll etc. Ginnie Mae uses the closing general ledger balances from MASS to complete HUD's excel spreadsheet template with Ginnie Mae's consolidated financial statement quarterly and annually. The spreadsheet is then forwarded to HUD where it is entered into HCFSS for the generation of HUD's consolidated financial statements.

2.2.3 OFHEO

The Office of Federal Housing Enterprise Oversight (OFHEO), an independent entity within the Department of Housing and Urban Development, maintains a separate general ledger and financial management system called Financial Information Management System (FIMS). Introduced in 2003, FIMS is an Oracle E-Business Suite developed, implemented and maintained by I360 Technologies. At the beginning of FY 2005, FIMS was converted to Oracle iProcurement and Federal Financial to address OFHEO's administrative and financial system requirements. FIMS also addresses OFHEO's additional requirements including archiving and purging processes, Standard General Ledger (SGL) at the transaction level, audit trails at the transaction level, fixed assets, accruals, payee information, payment warehousing, cost accumulation and distribution, quick recoverability, electronic quality assurance processes, electronic routing and approval, graphical user interfaces and flexibility.

OFHEO decided to obtain financial services support outside HUD in 1996-1997. At that time, OFHEO was cross-serviced by the Department of Veteran's Affairs (VA). Currently, OFHEO performs its financial services using FIMS which also interfaces with other systems to process administrative functions. For example, it interfaces electronically with NFC for payroll accounting data. FIMS replaced OFHEO's previous procurement and accounting systems with Oracle iProcurement and Oracle Federal Financial respectively.

2.2.4 HUD Administration

HUD's Administration offices use the following systems to carry out their financial management activities.

- **Consolidated Cost & FTE Files (CCFF)** The CCFF was designed to help program managers manage their personal services expenditures. A summarization of FTE and personnel counts and personal service cost data files are created for each Field Office with data pertaining to their Organization.
- **Departmental Organization Code System (DOCS)** DOCS contains codes used to identify HUD areas. It is used in conjunction with PSCRS.
- **Furniture and Equipment Management Information System (FEMIS)** FEMIS is a decentralized system that identifies and tracks personal property by item. FEMIS incorporates bar code technology which partially automates the physical inventory and reconciliation processes.
- **HUD Integrated Human Resources and Training System (HIHRTS)** HIHRTS will, when implemented, provide a comprehensive Human Resource system that streamlines Human Resource information in a single platform. It supports workforce planning, succession planning, forecasting, and identification of staff competencies.
- **HUD Procurement System (HPS)** The HUD Procurement System (HPS) automates the contract procurement and acquisition process by recording, monitoring and reporting the status of all actions throughout the procurement lifecycle.
- **HPS - Small Purchase System (HPS-SPS)** The HUD Procurement System (HPS) Small Purchase System (SPS) records all commitments and obligations, via a manual input of all purchase documentation, for purchases of \$100,000 or less throughout the procurement lifecycle.

- **HUD Travel Management System (HTMS)** The HUD Travel Management System provides automated entry and routing of travel requests and vouchers. Travelers create a travel authorization request at their workstation PC.
- **HUD Central Accounting and Program System (HUDCAPS)** HUDCAPS/FFS provides a central standardized accounting environment that captures, reports, controls, and summarizes financial results of accounting processes.
- **Financial Data Mart (Financial-DM)** The Financial Data Mart is a SQL Server database comprised of table extracts to allow HUD users to view financial data in specific desired report format. The Financial Data Mart receives financial information from HUDCAPS nightly. The Financial Data Mart also receives information from PAS, LOCCS, and other systems.
- **HUD's Consolidated Financial Statement System (HCFSS)** HCFSS, also referred to as Hyperion, is a financial reporting and analysis system for HUD's submission to the Department of Treasury. HCFSS receives summary level HUDCAPS financial data from Financial Data Mart and manually prepared summarized data from MASS (Ginnie Mae General Ledger), FHA Subsidiary Ledger (FHA-SL), and FIMS (OFHEO General Ledger).
- **Personal Services Cost Reporting Subsystem (PSCRS)** This is a subsystem of HUDCAPS that receives the accounting and personnel data from the National Finance Center. It produces payroll reports and passes the accounting transactions to the HUDCAPS System.

2.2.5 Grants/Subsidies Management

Maintaining grant and subsidy functions are carried out using the following systems:

- **Bond Payment System (BONDMAPPER)** The Bond Payment System is used to determine semi-annual payments to fiscal agents throughout the country, as well as payments on NY State Bonds.
- **Departmental Accounts Receivable Tracking/Collection System (DARTS)** DARTS establishes, tracks, and collects account receivable information for residual receipts, excess financing, and miscellaneous payments for the PHAs/Indian Housing Authorities and Sec. 236 program receivables for Multi-Family Excess Rental Income.
- **Federal Assistance Award Data System (FAADS)** FAADS gathers information from several Departmental program systems to satisfy a mandate by the Office of Management and Budget (OMB). FAADS data is provided to the Bureau of Census quarterly via FTS file transfer.
- **HUD Central Accounting and Program System (HUDCAPS)** HUDCAPS/FFS provides a central standardized accounting environment that captures, reports, controls, and summarizes financial results of accounting processes. HUDCAPS is also the subsidiary ledger for the PIH Section 8 program.
- **CPD Integrated Disbursement & Information System (IDIS)** IDIS supports CPD's consolidated planning, disbursement, and reporting requirements for the entitlement grant programs (HOME, CDBG, ESG, and HOPWA) and simplifies the grants management process for all

participants. IDIS interfaces with LOCCS for payment requests initiated in support of CPD entitlement grant programs.

- **Line of Credit Control System (LOCCS)** LOCCS is both a payment control tool and a HUD post-award financial grants management system. LOCCS is also the link that connects HUD's Program Management Information Systems to HUD's program accounting data.
- **Program Accounting System (PAS)** PAS is an integrated subsidiary ledger for the Department's grant, subsidy, and loan programs. PAS maintains accounting records based on receipt of funding authorizations from HUDCAPS which generate transaction activity at different levels.
- **Section 235 Automated Validation and Editing System (SAVE)** SAVE interfaces with LOCCS in support of Section 235 subsidy payment request processing.
- **Section 8 Budget Outlay Support System (BOSS)** The Office of Budget (OB) sponsored the development of a budget forecasting tool called the Budget Outlay Support System (BOSS). It was developed to help increase the accuracy, consistency, and timeliness of budget forecasts for Section 8 program outlays.
- **Tenant Rental Assistance Certification System (TRACS)** The goal of TRACS is to collect tenant data for programs and automatically provide payment requests for subsidy programs where HUD is the contract administrator based upon the contract and tenant data contained in the system. TRACS sends the payment request information to LOCCS for subsidy programs under the auspice of the Office of Housing.

2.2.6 Loans Management

Loan Administration is supported by the following systems:

- **Loan Accounting System (LAS)** LAS manages loan portfolios system information for the Section 202, Housing for Elderly and Handicapped Loan Program and the Flexible Subsidy Loan Program. LAS is a HUD tool for servicing loans and capturing LAS/PAS/LOCCS data.

LOCCS, PAS, and their HUDCAPS interfaces also support loan administration.

3.0 SYSTEM FUNCTIONS

3.0 SYSTEM FUNCTIONS

This section describes the system functions that are being performed or supported by one or more of HUD's financial systems. These system functions relate to activities that fall within a core financial system requirement as well as other financial and mixed systems. HUD performs business processes associated with the following system functions:

- Funds Management
- Purchasing Management
- Accounts Payable Management
- Accounts Receivable Management
- Asset Management
- Cost Management
- Core Financial System Management
- General Ledger Management
- Financial Reporting Management
- Grants/Subsidies Management
- Loans Management

The HIFMIP team used these function designations to categorize and arrange the requirements for each system. As the functions are decomposed, it is important to note that the execution of an accounting transaction may be used by more than one system function within the core financial system.

Each of these functions is further described below. In addition, the diagrams included with each description reflect the function and the decomposition of related activities (or elementary processes). Chapter 4 documents business processes that are supported by these system functions in greater detail.

3.1 HUD Administration

3.1.1 Funds Management

The funds management function is the administrative control of HUD's funding processes to ensure compliance with all laws, regulations, orders and policies relating to funds control plans. Two major business processes support the funds management function within the HUD Administration business area: budget formulation and budget execution. Figure 3-1 illustrates the decomposition of the funds management functions.

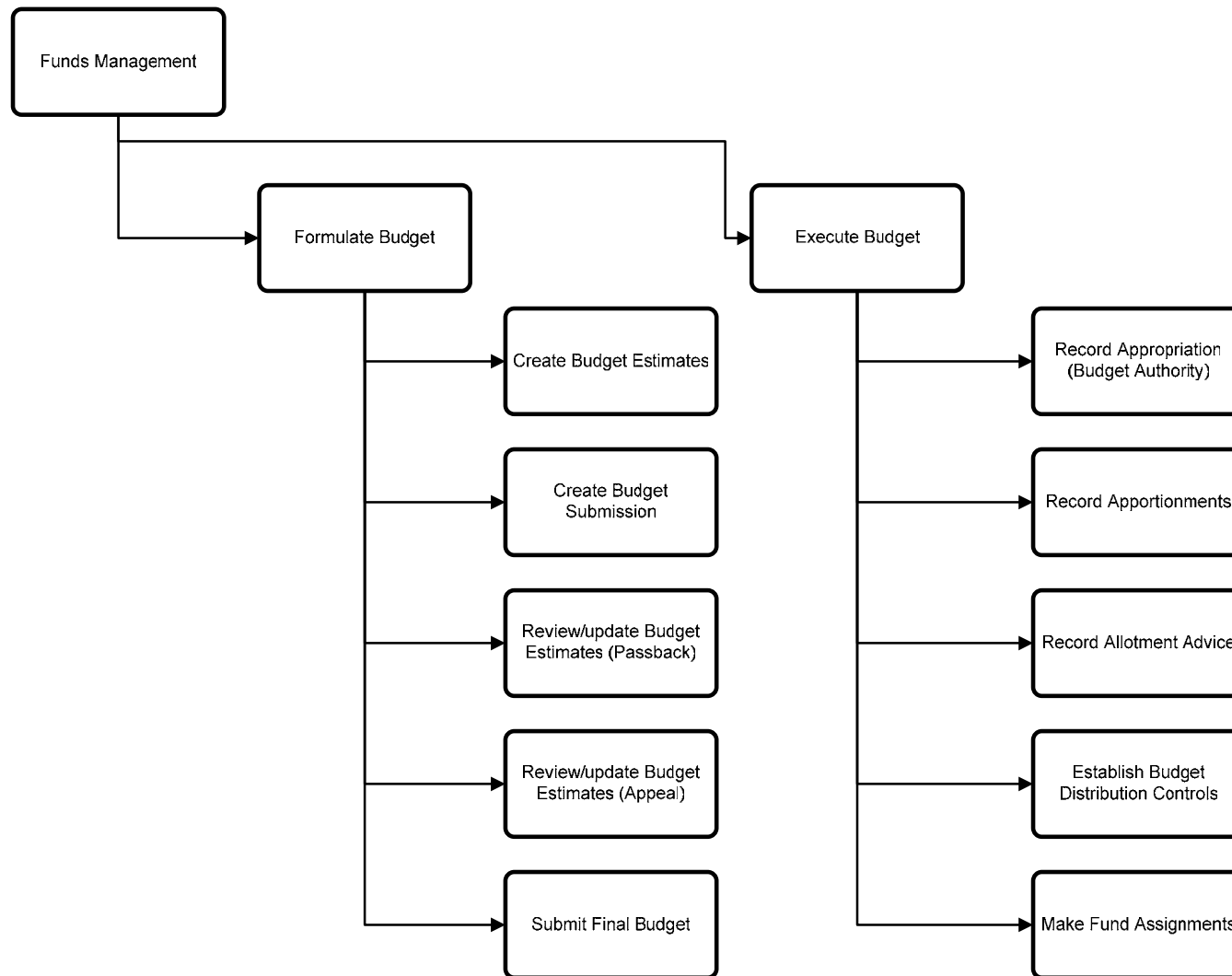
The budget formulation function is used by Federal agencies to assemble budget estimates for the upcoming fiscal years. These estimates are then submitted to OMB. Agencies are responsible for reviewing budget guidance set forth by OMB and developing estimates according to the guidelines set forth by OMB.

Budget execution as a business function of funds management supports the most detailed level of HUD's funds control. It consists of essential activities that ensure HUD's financial applications reflect use of its funds control systems. This function also tracks an agency's budget authority and maintains the appropriate funding levels for the prior-year and current year authority. Funds allocation captures an agency's budgetary resources and establishes budgetary limitations at each of the budgetary levels required within the agency (e.g., apportionments and allocations).

Another important facet of the funds management function is funds control. Funds control is the mechanism that the financial application must have in place to ensure that transactions affecting the budgetary resources and status accounts do not exceed available authority at any given level in the funding hierarchy. Funding thresholds are established during the budget execution process. Funds availability verification occurs throughout the fiscal year on all accounting transactions. Although funds availability verification activities are not reflected in this decomposition, these activities are included in subsequent decomposition diagrams where the validation takes place.

The corresponding detailed business processes for Funds Management functions can be found in Diagram 4-1 Formulate Budget and Diagram 4-2 Execute Budget.

Figure 3-1 Funds Management System Function – HUD Administration



3.1.2 Purchasing Management

The JFMIP Core Systems Requirements document addresses commitment, obligation, and expenditure transactions in the funds management function. However, these activities are segregated in separate functions to facilitate an in depth analysis of the HUD business processes. Figure 3-2 illustrates the decomposition of the purchasing management function.

The purchasing management function addresses the set of activities relating to placing an order with a supplier for goods or services. This includes:

- Commitment, obligation, and de-obligation of funds associated with bankcard, small purchases and travel-related activities
- Funds availability verification
- Payroll accruals and account reconciliation activities
- Procurement activities relating to statements of work, the solicitation process, award and post-award activities

Within the travel-related activities the scope of the discussion broadens slightly to include payment functions relating to recording the expenditure and payment associated with a travel-based obligation.

The corresponding detailed business processes for purchasing management functions can be found in Chapter 4 as follows:

- Manage Payroll (Diagram 4-3)
- Manage Bankcard (Diagram 4-4)
- Execute Purchases (Diagram 4-5)
- Manage De-obligations (Diagram 4-6)
- Execute TDY Travel (Diagram 4-7)
- Manage Transportation (SATO) (Diagram 4-8)
- Manage Relocation (Diagram 4-9)

Figure 3-2a Purchasing Management System Function – HUD Administration

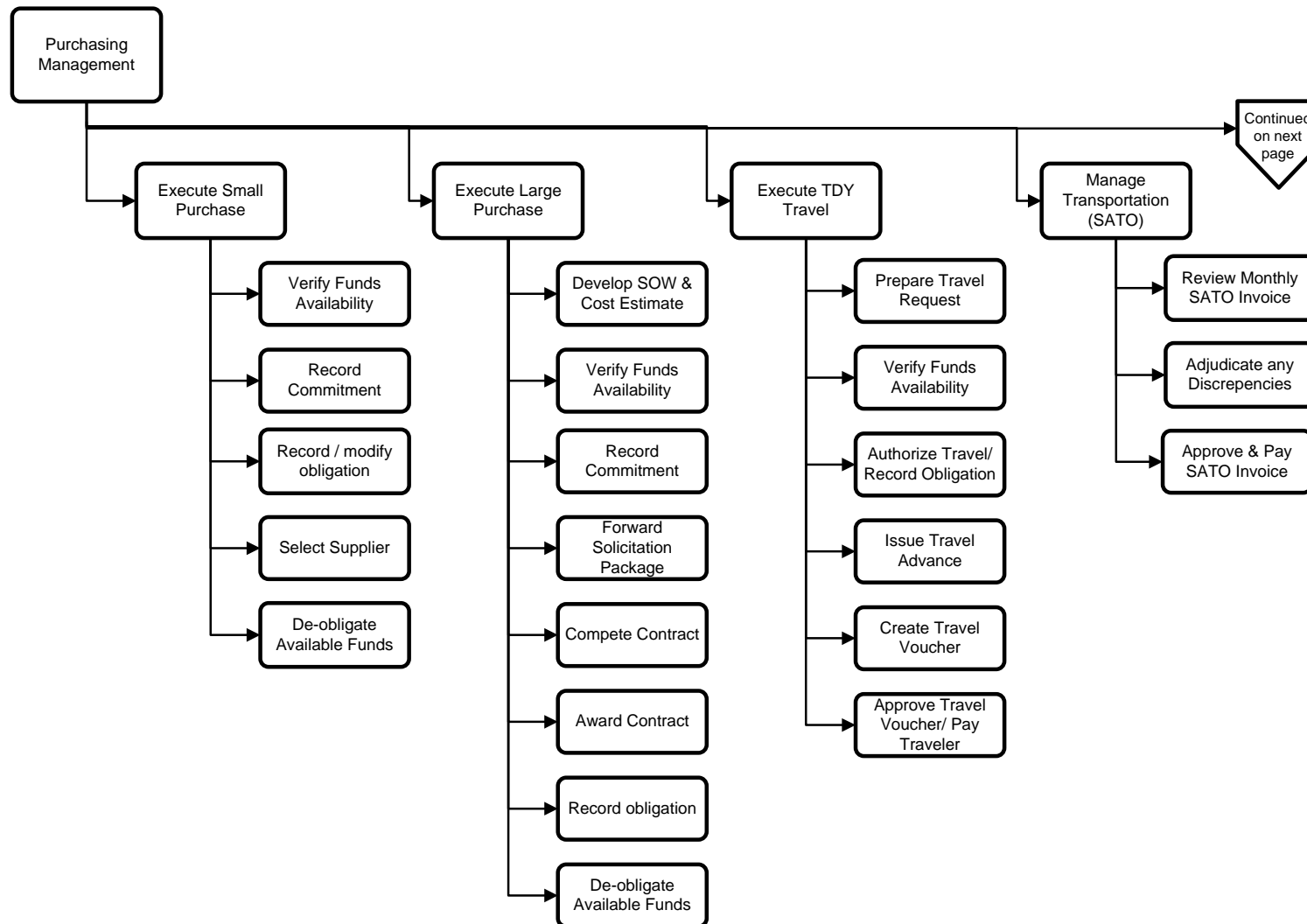
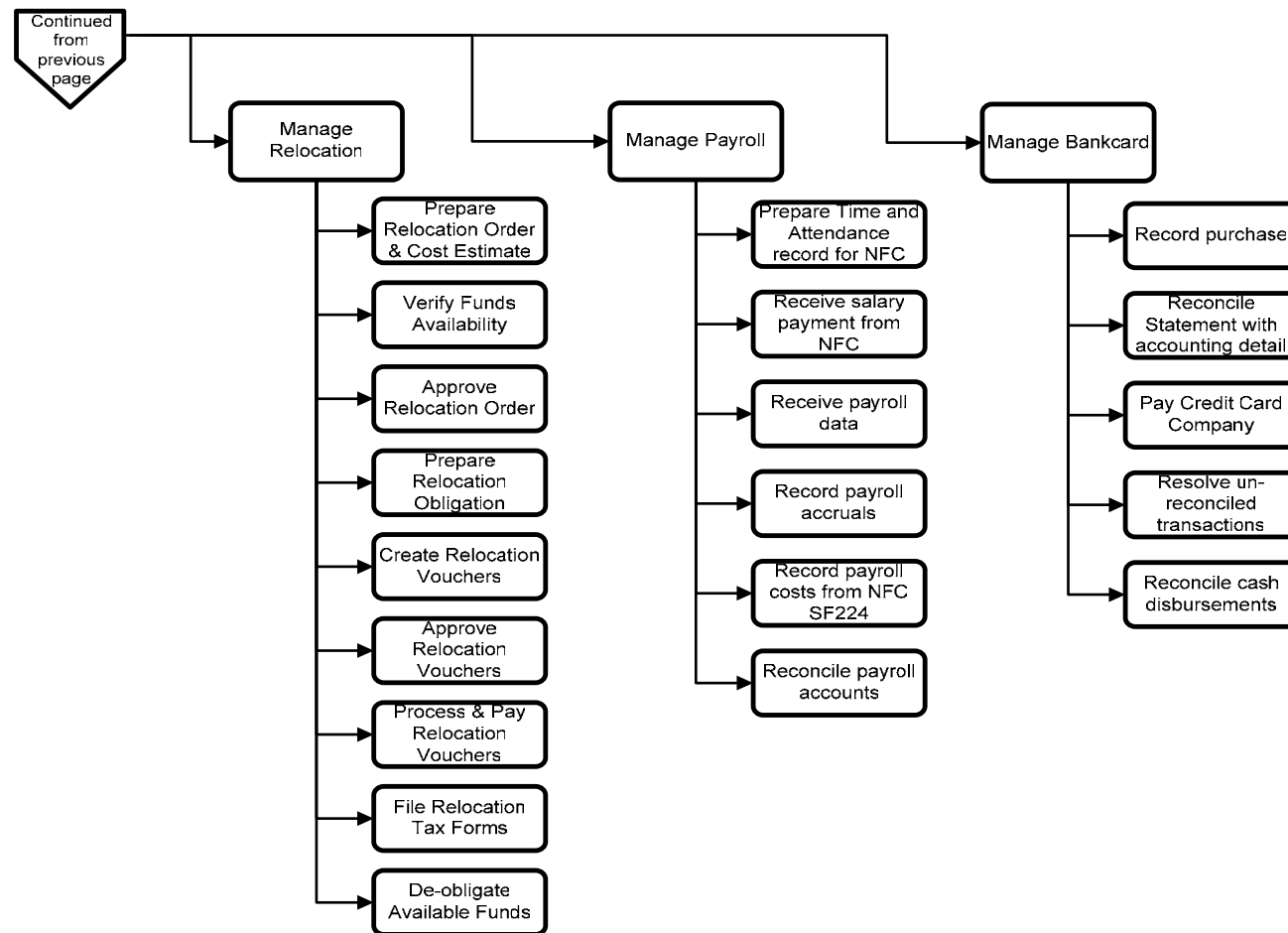


Figure 3-2b Purchasing Management System Function – HUD Administration (Continued)



3.1.3 Accounts Payable Management

An accounts payable arises because of the time lag between the receipt of services or title acquisition to assets and the payment for them. There are four activities that we discuss related to expenditures: vendor maintenance, payment request, payment warehousing, and treasury confirmation and follow-up.

HUD tracks and maintains a history of changes to the vendor file, including vendor additions and deletions, and changes to vendor specific information such as payment address, bank account and routing information, and payment type. These vendor maintenance activities are necessary to ensure that payments are made to the correct supplier in a timely fashion. In addition, this supports historical vendor information by providing an audit trail of payments made to the vendor.

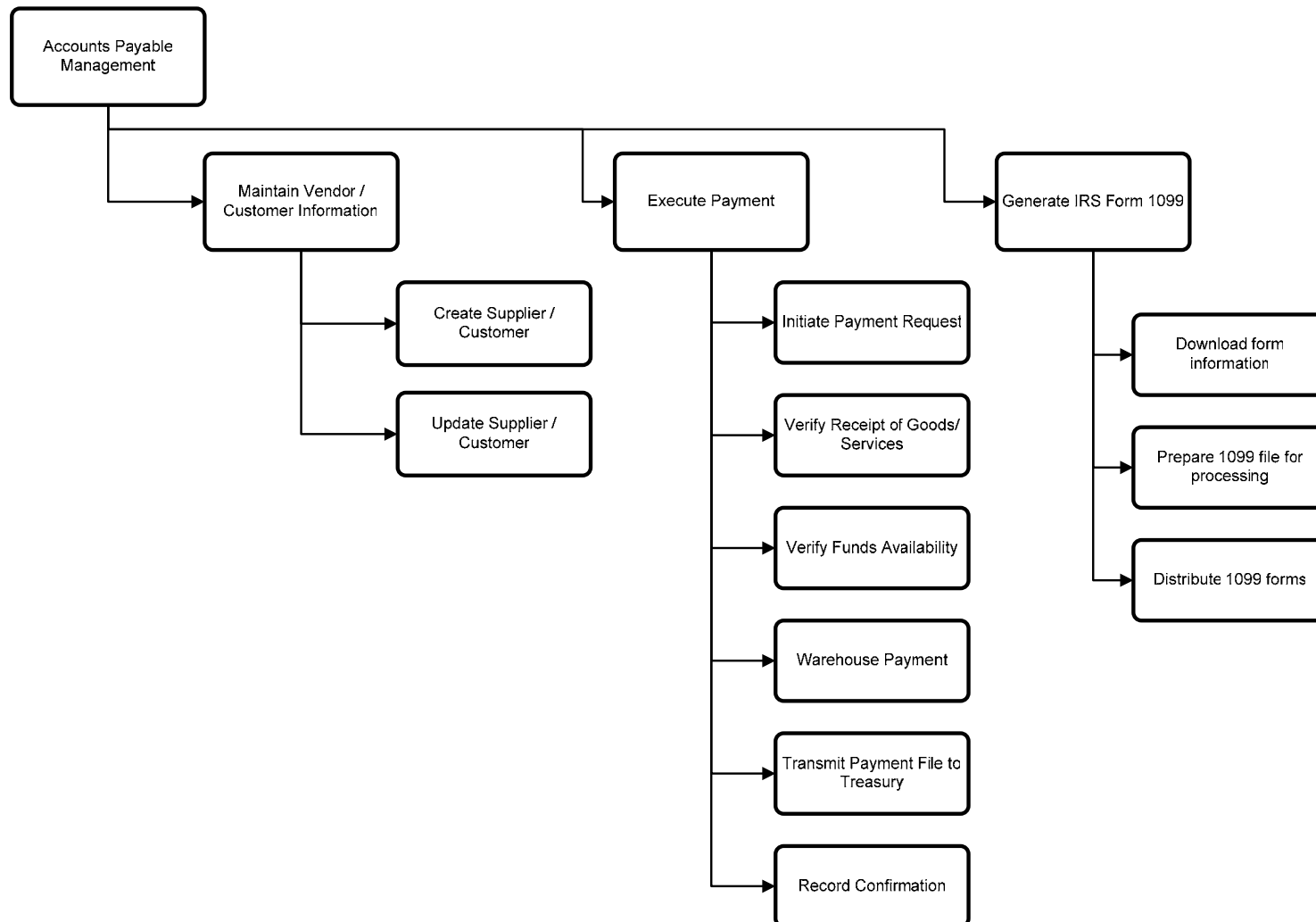
HUD receives payment requests through various methods: web-based payment requests, direct vendor invoicing drawdown requests in LOCCS via phone known as the Voice Response System, feeder systems like TRACS and IDIS on behalf of its program recipients, and vendor invoices. Requests are edited to ensure completeness and accuracy of the data. They are also validated against un-liquidated obligation balances to ensure that adequate funds are available for payment.

Payment warehousing involves recognizing and recording payment due dates associated with invoices or other payment requests. This refers to the time between when the payable is set up and paid. HUD complies with the Prompt Pay regulations set forth by Treasury with regard to paying invoices. To meet these requirements, the accounting applications warehouse invoices until the payment due date. HUD also complies with program rules and regulations regarding payments that are not subject to Prompt Pay. Examples of such payments are generating Section 8 payments on the first of the month or producing Federal Financial Assistance payments.

The treasury confirmation and follow-up function involves HUD confirming via Treasury's GOALS system that disbursements were made as anticipated by Treasury. A notice of treasury confirmation is sent back to the originating system in cases where payment requests are initiated from feeder systems such as IDIS or TRACS.

The corresponding detailed business processes for Accounts Payable Management functions can be found in Diagram 4-10 Execute Payments - HUD Administration and Diagram 4-11 Maintain Vendor/Customer – HUD Administration.

Figure 3-3 Accounts Payable Management System Function – HUD Administration



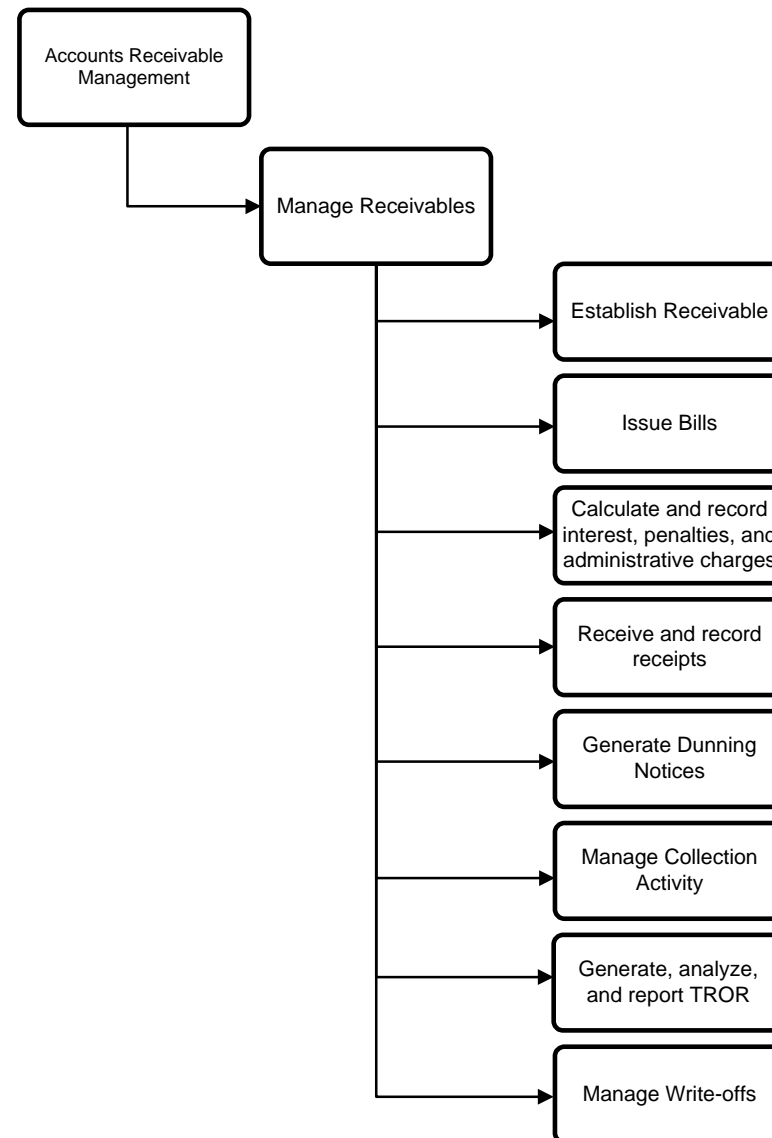
3.1.4 Accounts Receivable Management

The accounts receivable management function addresses overpayments, refunds, settlements, reimbursement for costs incurred, and asset accounts reflecting amounts owed on an open customer account balance. The source of these receivables can be from federal and non-federal organizations for goods and services furnished by the Government (but not including amounts due from other funds of the same Department or Agency). There are two major components of accounts receivable management: establishing receivables when recognized (that includes producing bills for amounts due to HUD) and recording the amounts collected by HUD during the fiscal year. Both of these functions are included in the accounts receivable management function. Figure 3-4 illustrates the decomposition of the accounts receivable management function.

Throughout the receivables life cycle, it is necessary to maintain activities for customer accounts and billing transactions. Specific activities include: aging receivables, accruing interest, calculating administrative fees and penalty charges for overdue payments, and pursuing through all legal means (including referral to Department of Justice) overdue receivable amounts owed to HUD.

The corresponding detailed business processes for the accounts receivable management function can be found in Diagram 4-13 Manage Accounts Receivable – HUD Administration.

Figure 3-4 Accounts Receivable Management System Function – HUD Administration



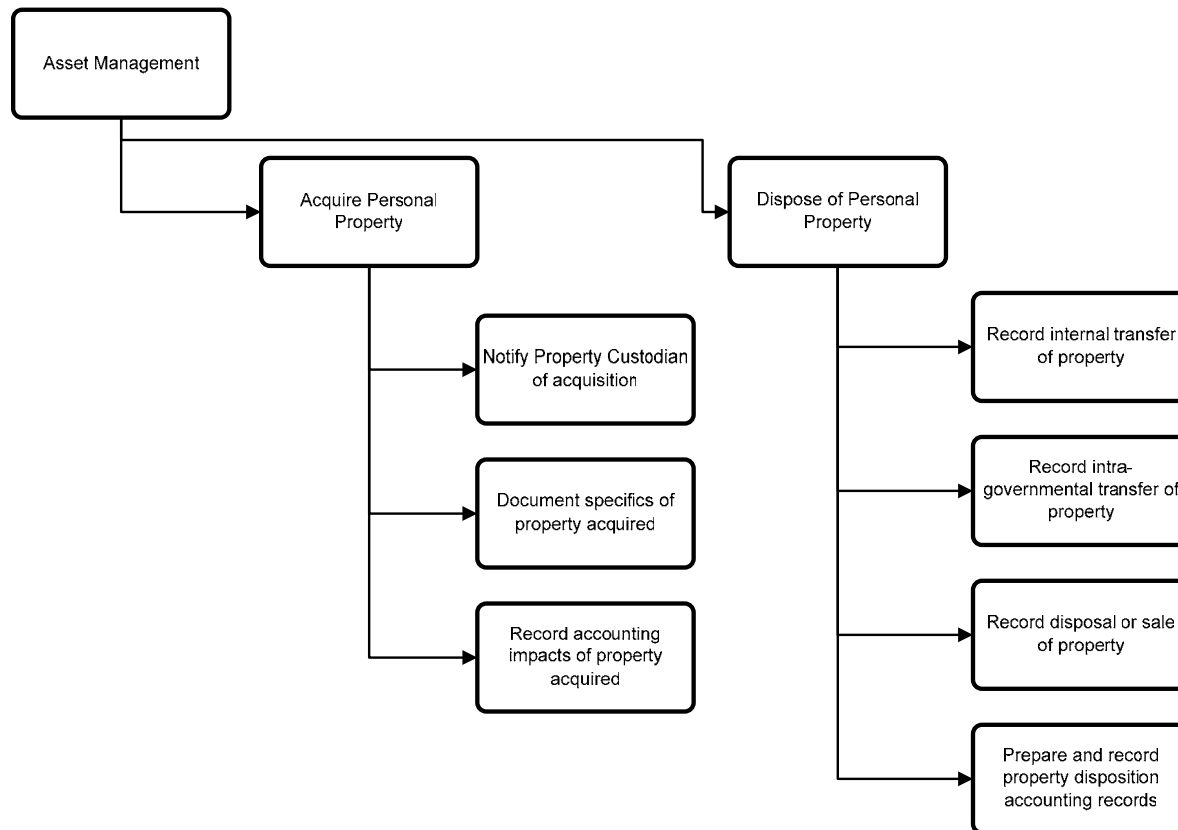
3.1.5 Asset Management

Asset management addresses details of assets above a specified monetary value and the associated depreciation of the asset. Asset management systems may include information on the current value, ownership, type and location of an asset to include acquired properties. There are two major asset management functions at HUD: equipment purchases placed in service to support HUD's business processes and assets included seized property and forfeited assets acquired by the Department as a result of failure by the owner to provide sufficient payment to the creditor. These assets are not depreciated but recorded and held until disposed. Seized and forfeited assets are discussed in section 3.4.3.

Our discussion on assets within the scope of this chapter focuses on the tangible items that HUD uses to support the Department's business processes. Furniture and equipment is assigned to an Accountable Property Officer (APO) to account for and verify its existence while in service. The APO identifies and tracks assets throughout the Department. This tracking includes the acquisition (purchase price, transportation, installation and related costs of placing the item into service), disposal, transfer and adjustments of personal property. These assets are also depreciated over the estimated economic life of the asset. Figure 3-5 illustrates the decomposition of the asset management functions.

The corresponding detailed business processes for asset management functions can be found in Diagram 4-14 Acquire Personal Property – HUD Administration and Diagram 4-15 Dispose of Personal Property – HUD Administration.

Figure 3-5 Asset Management System Function – HUD Administration



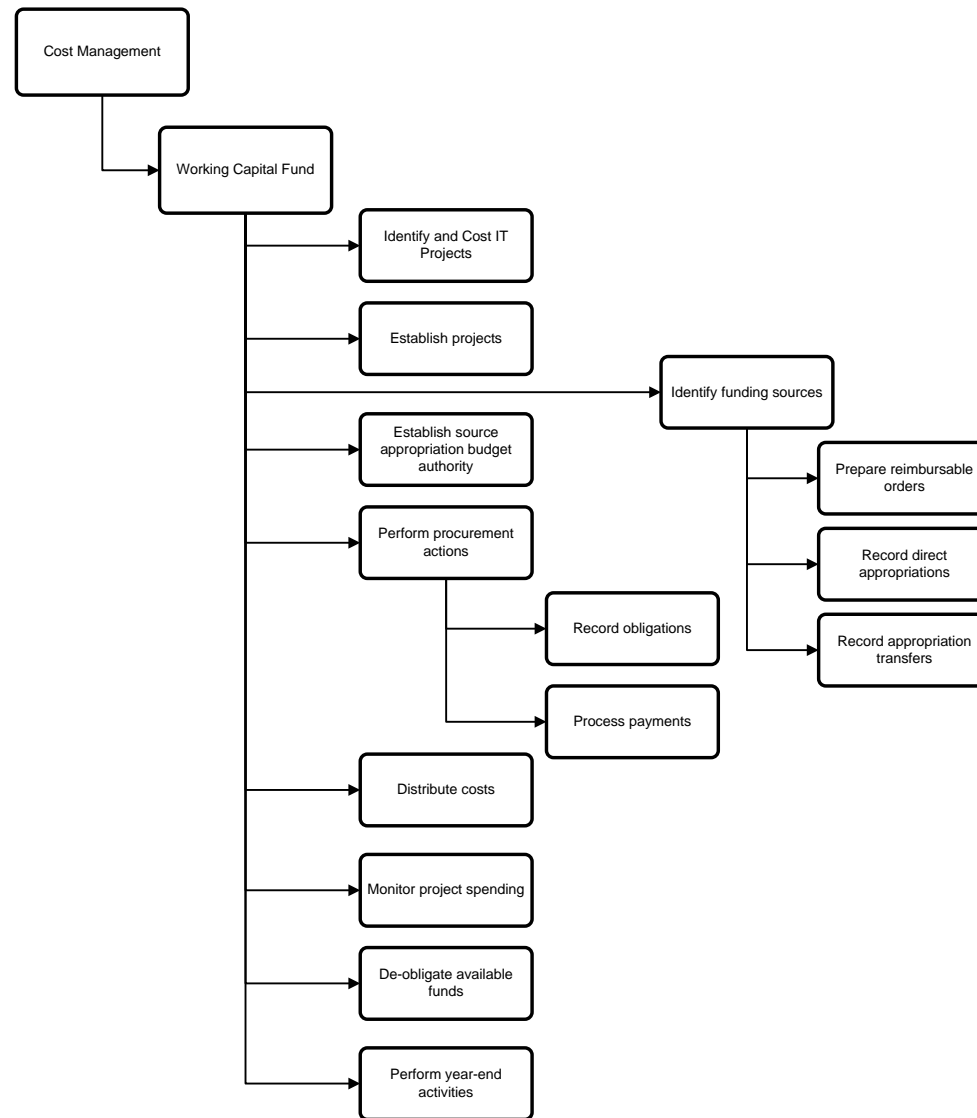
3.1.6 Cost Management

The effective financial control of HUD activities through evaluating, estimating, budgeting, monitoring, analyzing, forecasting and reporting cost information encompasses the cost management functionality. HUD uses working capital funds to track project costs related to information technology initiatives. These funds are associated with separate legislation and have charters that focus on specific purposes. Figure 3-6 illustrates the decomposition of the cost management function.

HUD establishes cost estimates and provides a mechanism to track and collect these costs throughout the fiscal year as part of the cost setup and accumulation activities. Additionally, HUD uses cost accounting standards and guidelines to recognize costs associated with IT projects and distribute these costs among the different programs that are supported by the working capital fund.

The corresponding detailed business process for the cost management function can be found in Diagram 4-16 Administer Working Capital Fund – HUD Administration.

Figure 3-6 Cost Management System Function – HUD Administration

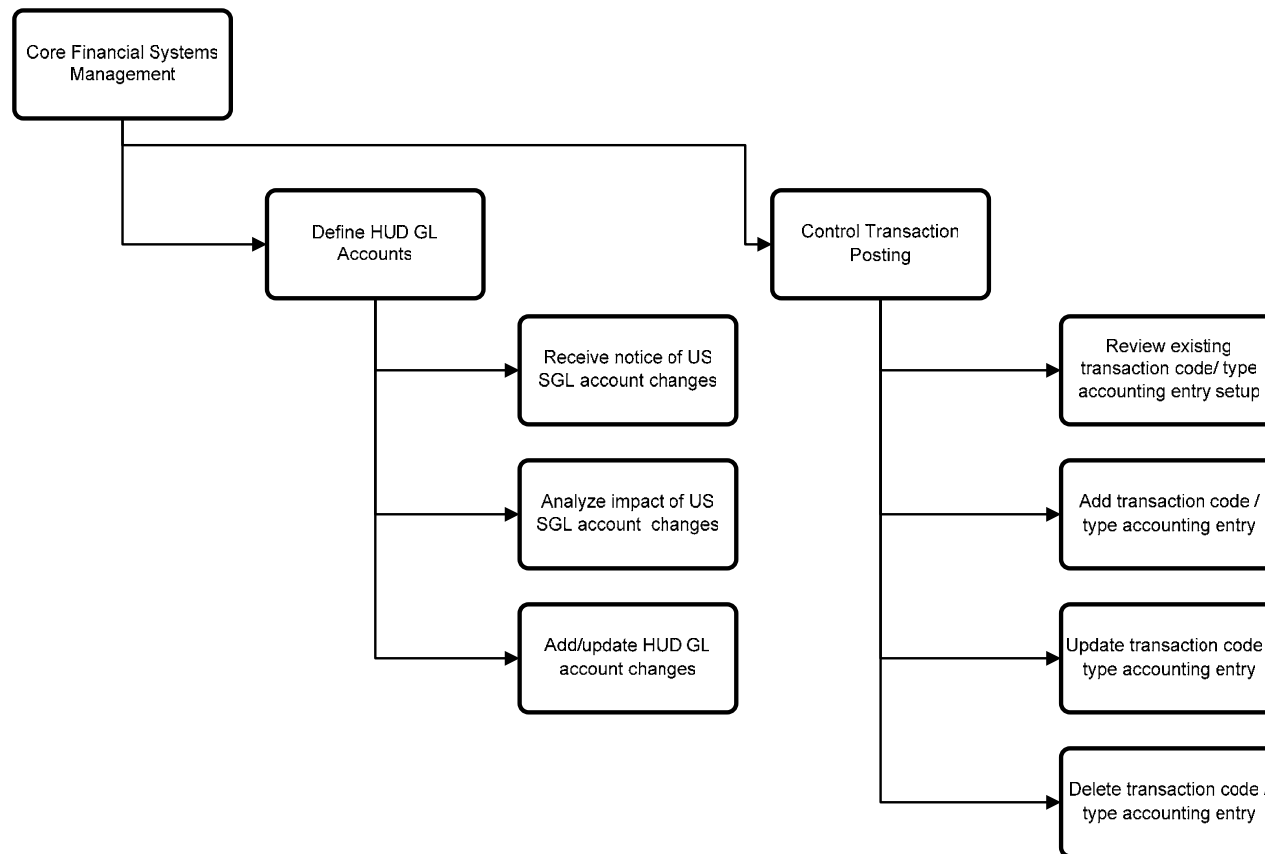


3.1.7 Core Financial System Management

The core financial system function consists of the processes necessary to maintain system processing rules consistent with established accounting classification elements. Definitions must be standardized to ensure consistency, uniformity, and efficiency in accounting treatment, classification, and reporting. Figure 3-7 illustrates the decomposition of the core financial system management functions.

Accounting classification elements are established as part of the core financial system management function. The use of standard general ledger postings in support of the United States Standard General Ledger (USSGL) and establishes the transaction edit and posting rules to record financial events. HUD relies heavily on sub-accounts to meet reporting requirements including attributes needed for FACTS reporting. All transactions recording HUD financial events interface and post to the HUDCAPS General Ledger module.

The corresponding detailed business processes for Core Financial System Management functions can be found in Diagram 4-17 Manage Account Definition – HUD Administration and Diagram 4-18 Manage Transaction Control – HUD Administration.

Figure 3-7 Core Financial System Management Function – HUD Administration

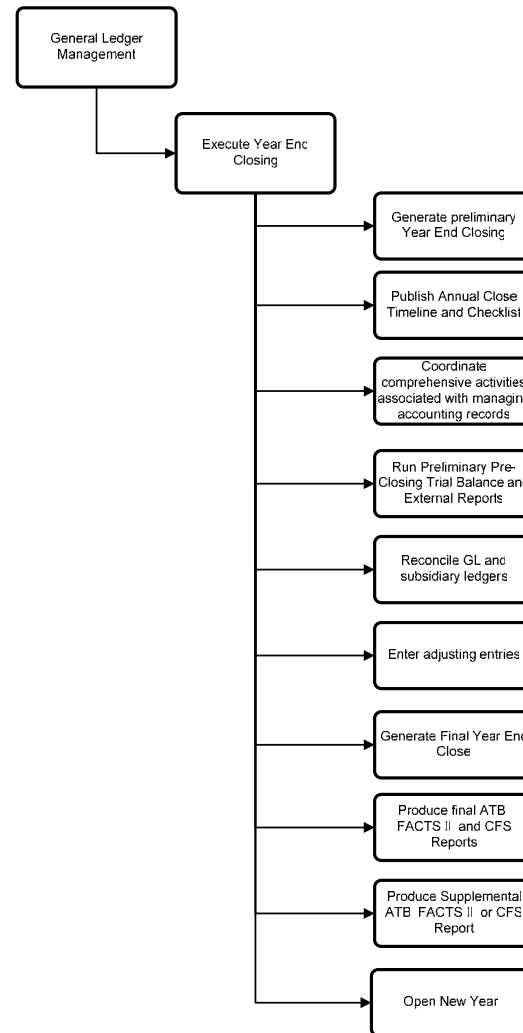
3.1.8 General Ledger Management

General ledger management is the central function of any financial system. The general ledger is the highest level of summarization and must maintain account balances by the accounting classification elements established in the core financial system management function. The focus of the general ledger management function relates to accruals, reconciliation, and closing transaction processing for reporting purposes. It controls and executes period-end system processes needed by the system to open a new reporting period, such as rolling forward account balances or reversing certain year-end entries.

Recording accruals and performing various reconciliation tasks are performed throughout the fiscal year. Although the accrual and reconciliation functions are not detailed in this decomposition, these activities are included in other decomposition diagrams, such as purchasing management for managing payroll. Figure 3-8 illustrates the decomposition of the general ledger management function with respect to year end closing.

The corresponding detailed business processes for general ledger management function can be found in Diagram 4-19 Year End Closing Process.

Figure 3-8 General Ledger Management Function – HUD Administration



3.1.9 Financial Reporting

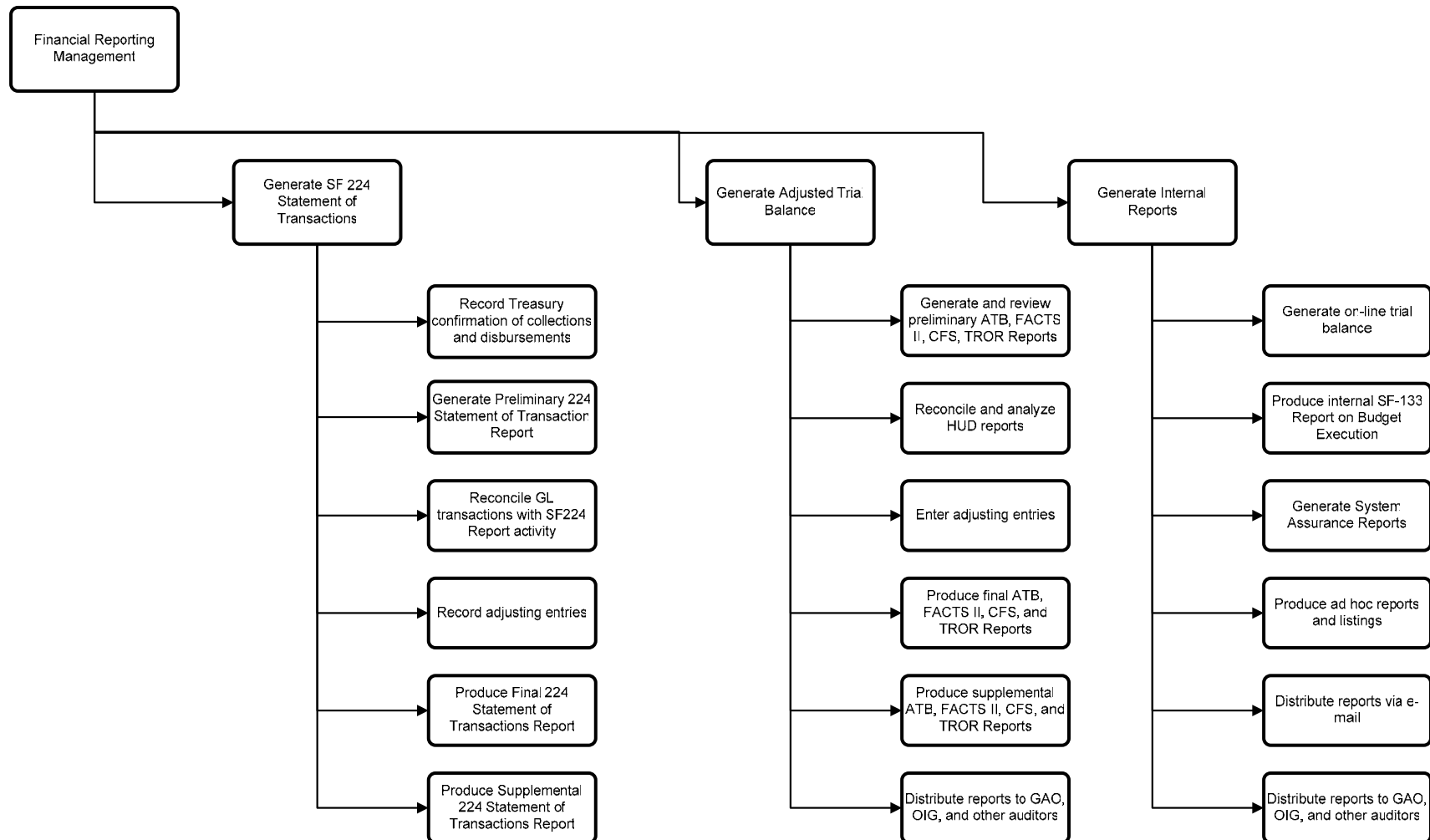
Financial reporting encompasses the production of standard external reports (i.e., FMS224, FACTS I, FACTS II, and the Consolidated Financial Statements), internal reports, and ad hoc (unplanned and non-repetitive) reports. Figure 3-9 illustrates the decomposition of the financial reporting function.

The Department has a reporting responsibility to Treasury and the Office of Management and Budget (OMB) for all of HUD's financial activities. HUD achieves these reporting requirements as a result of comprehensive transaction processing that supports its financial management activities (from budget formulation and execution to all subsequent events that effect HUD's funding to carry out its program and administrative responsibilities). The Department is also responsible for reporting on the achievement of their strategic goals and evaluating whether their programs attained their planned outputs and outcomes in a cost efficient and effective manner; a requirement of the President's Management Agenda. Financial reporting supports requests of both external and internal auditors. These requests are supported by ad-hoc reports.

As for debt management, HUD must report information on delinquent accounts to the Department of Treasury, Justice or NFC (employee receivables) so they can initiate collection action. HUD may have obtained special authority to accomplish debt collection activities in lieu of Treasury.

The corresponding detailed business processes for the Financial Reporting functions can be found in Diagram 4-20 Generate SF 224 Statement of Transactions – HUD Administration and Diagram 4-21 Generate ATB, FACTS II, Consolidated Financial Statements and TROR – HUD Administration.

Figure 3-9 Financial Reporting System Function – HUD Administration



3.2 Grants / Subsidies Management

The grants/subsidies management function includes activities ranging from funds management (budget formulation, budget execution, and funds control) to grant award through payables management to collection relative to formula and competitive grants. The grant programs decompose into the business activities reflected in Figure 3-10. This illustrates the decomposition of the grants/subsidies management functions relative to formula and competitive grants that use PAS and LOCCS, Section 202/811 Capital Grants, and Grant Programs using IDIS.

The corresponding detailed business processes for the grant programs can be found in Chapter 4 as follows:

- Grant Programs using IDIS (Diagram 4-22)
- Grant Programs (Diagram 4-23)
- Section 202/811 Capital Grants (Diagram 4-28)

Subsidy programs were analyzed using the same approach as was taken for the grant program analysis. Figure 3-11 represents the functional decomposition for HUD's subsidy programs including Housing Subsidies using TRACS, Section 8 Subsidies and Section 235 and 236 Subsidies.

The corresponding detailed business processes for the subsidy programs can be found in Chapter 4 as follows:

- Housing Subsidies using TRACS (Diagram 4-24)
- Section 8 Subsidies (Diagram 4-26)
- Section 235 and 236 Subsidies (Diagram 4-25)

Figure 3-10 Grants System Functions

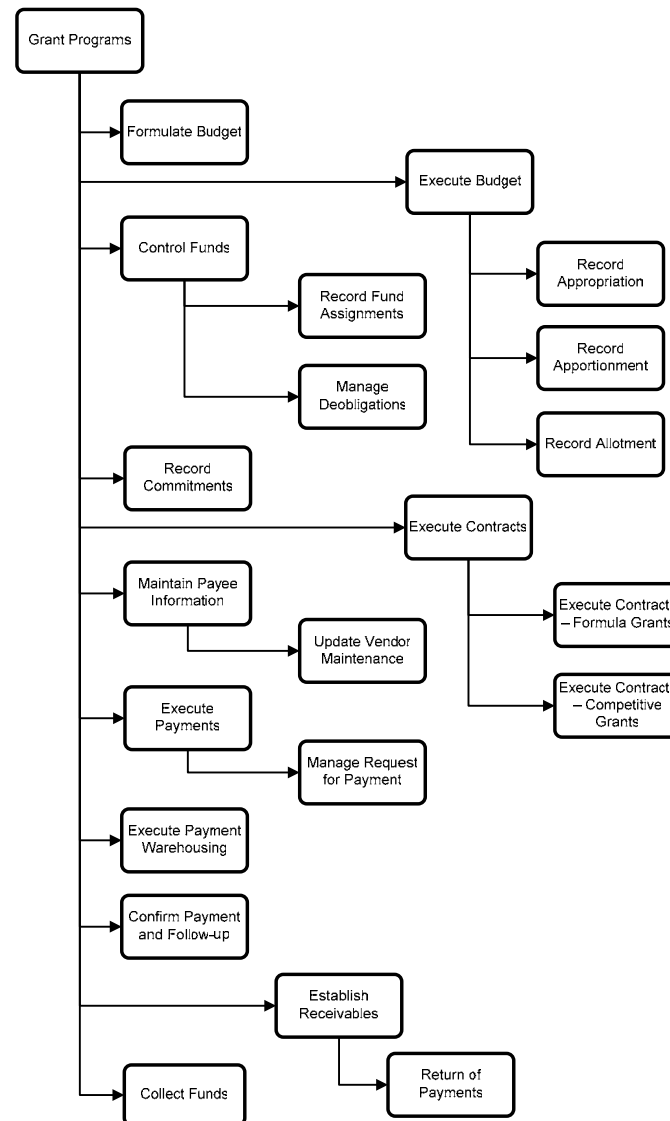
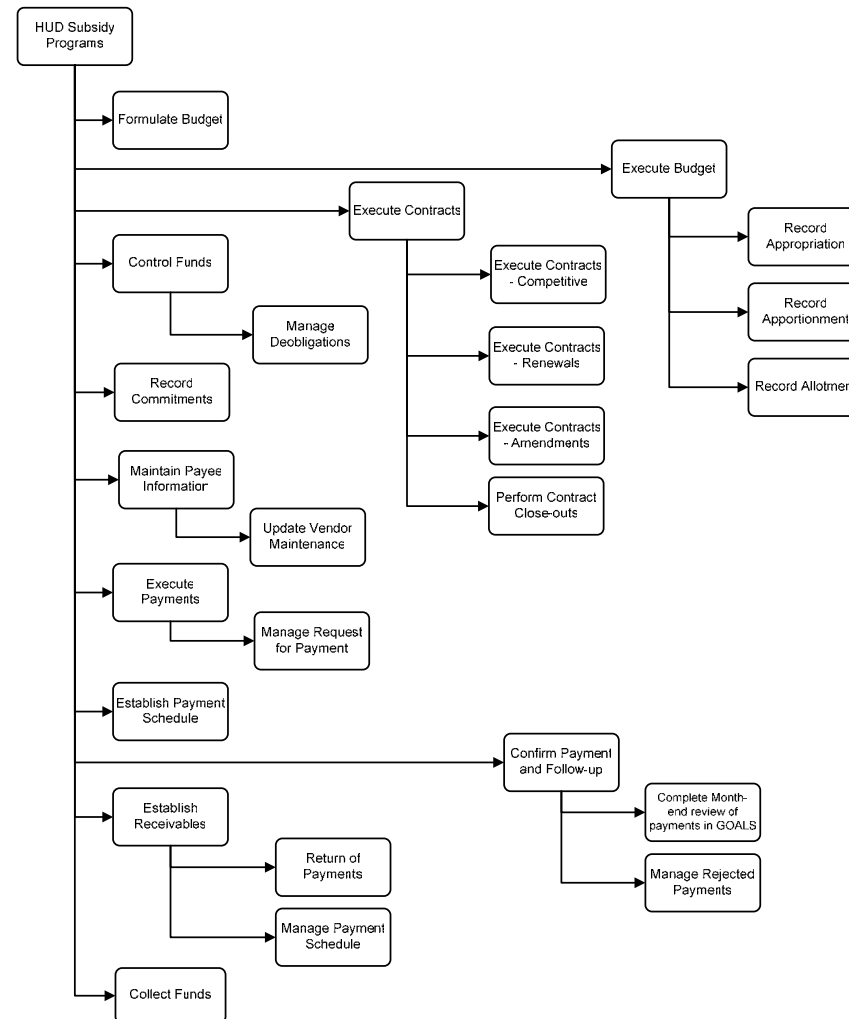


Figure 3-11 HUD Subsidy Programs System Functions



3.3 Loans Management

Loans management starts with ensuring that qualified lenders participate in direct and guaranteed loan programs. Lender eligibility is only one facet of loans management. Establishing funding levels for program and financing funds received from Treasury and how this funding relates to loan commitments, routine invoicing, and debt collection is also addressed in reference to HUD's Loan Management activities.

Managing the loan process at HUD involves many of the same functions that are performed in the HUD Administration area (e.g., budget formulation, budget execution, executing payments, etc). However, there are certain functions that are unique to processing and maintaining loans. There is a functional decomposition model for Guaranteed Loans (Figure 3-12), Direct Loans (Figure 3-13), Miscellaneous Funds (

Figure 3-14), Liquidating Fund for Section 108 (Figure 3-15), and Low Rent Public Housing Fund (Figure 3-16).

The corresponding detailed business processes for the subsidy programs can be found in Chapter 4 as follows:

- Guaranteed Loans (Diagram 4-33 and Diagram 4-34)
- Direct Loans (Diagram 4-29)
- Miscellaneous Funds (Diagram 4-35)
- Liquidating Fund for Section 108 (Diagram 4-31)
- Low Rent Public Housing (Diagram 4-32)
- Revolving Fund for Liquidating Programs (Diagram 4-30)

Figure 3-12 Guaranteed Loans System Functions

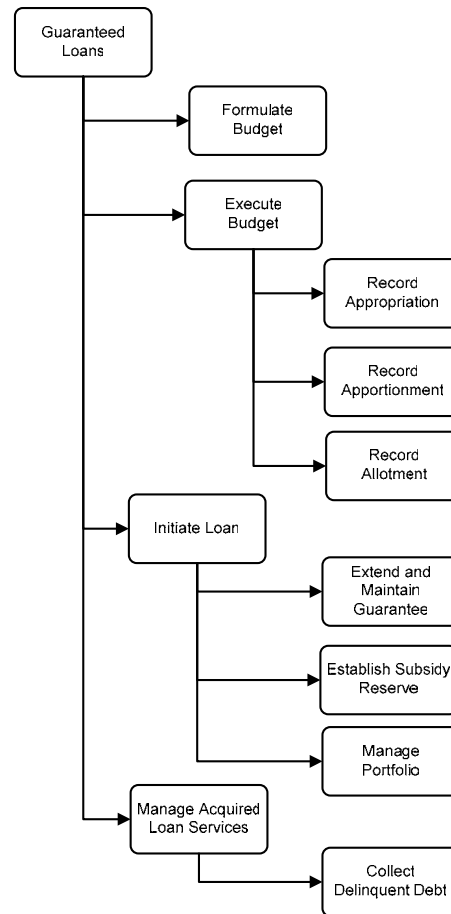


Figure 3-13 Direct Loans System Functions

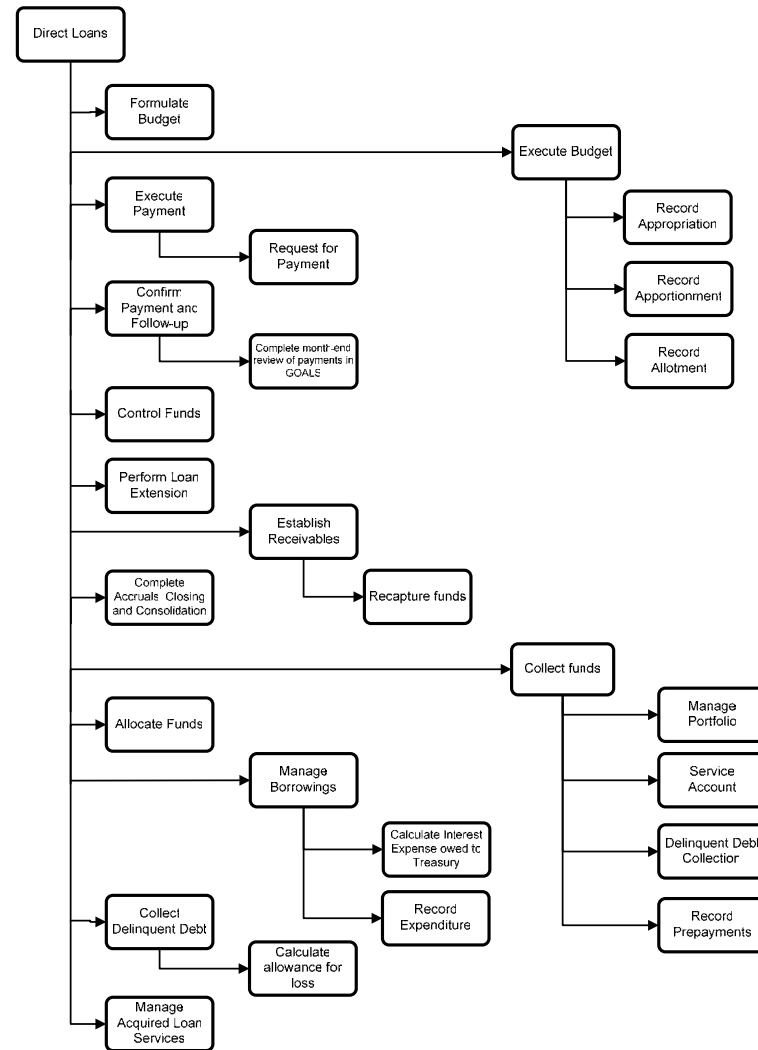


Figure 3-14 Miscellaneous Funds System Functions

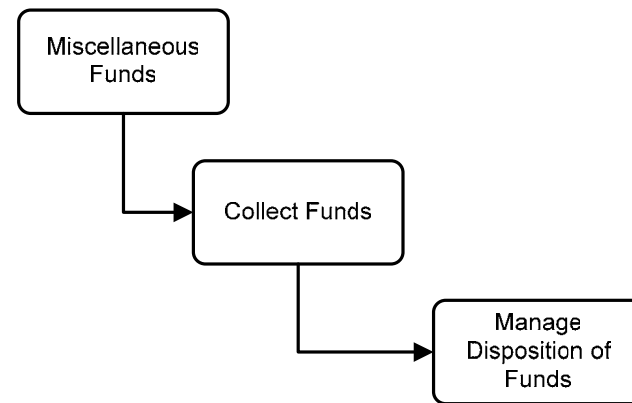


Figure 3-15 Liquidating Fund for Section 108 System Functions

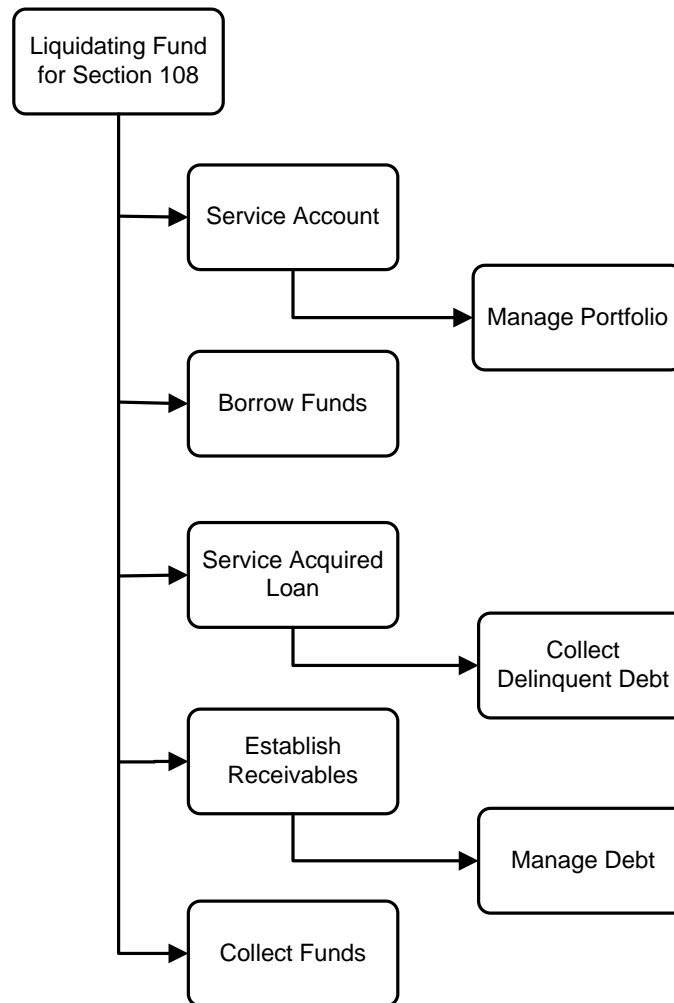
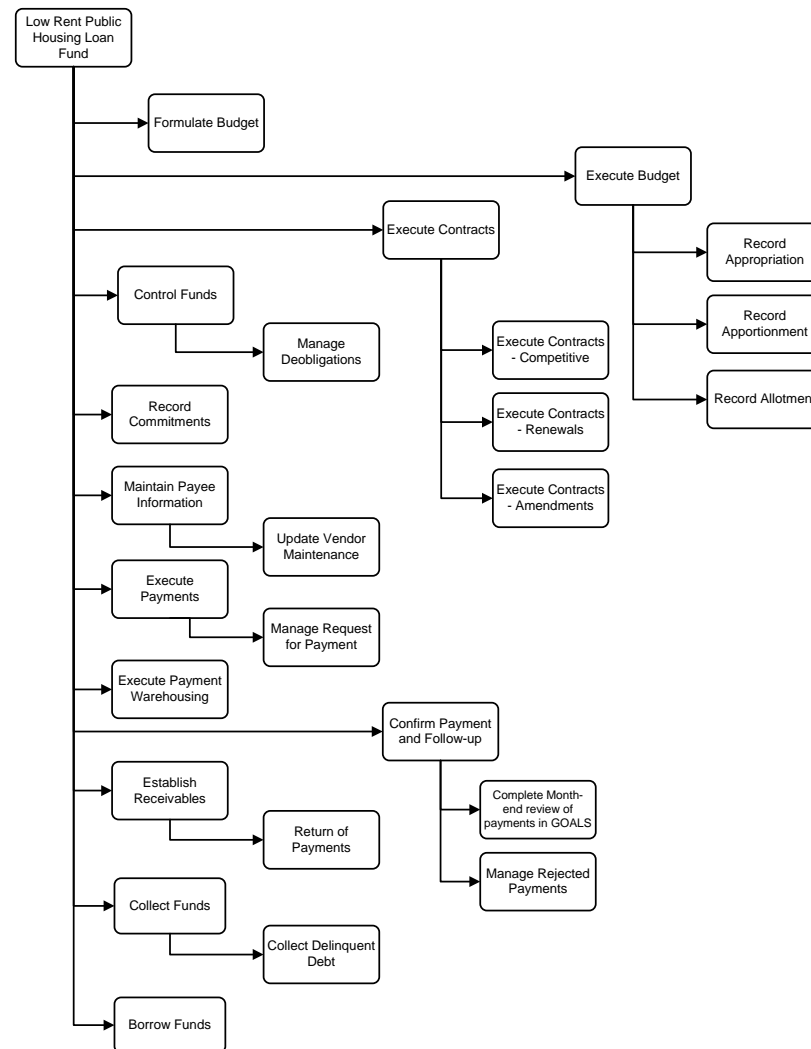


Figure 3-16 Low Rent Public Housing Fund System Functions



3.4 FHA

FHA supports five major accounting functions: accounts payable management, accounts receivable management, asset management, financial reporting, and loan management.

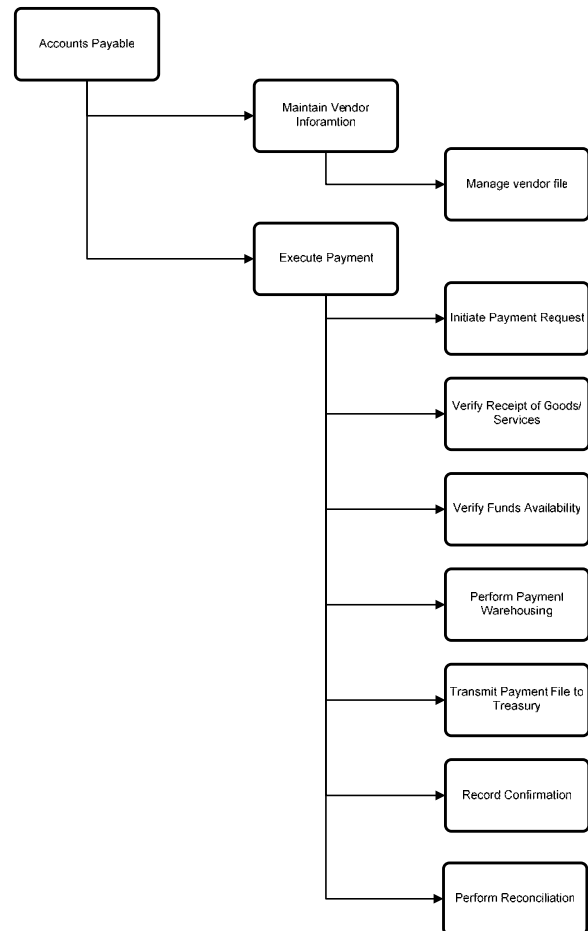
Each of these functional areas is broken down to reflect specific business activities that are performed within FHA. MIL is still awaiting FHA confirmation on the completeness and validity of the FHA business processes as documented in this section.

3.4.1 Accounts Payable Management

FHA generates expenditure transactions related to claims, refunds, notes, etc. using many different systems. An electronic schedule file via the Electronic Certification System (ECS) or a paper SF-1166 are generated, certified and sent to the U.S. Treasury to process disbursements for FHA. The U.S. Treasury returns a confirmation of payments and the subsidiary ledgers are updated with payment information. Figure 3-17 illustrates the decomposition of the FHA payables management function.

The corresponding detailed business processes for FHA's payables management functions can be found in Diagram 4-36 Execute Payments - FHA.

Figure 3-17 FHA Accounts Payable Management System Functions

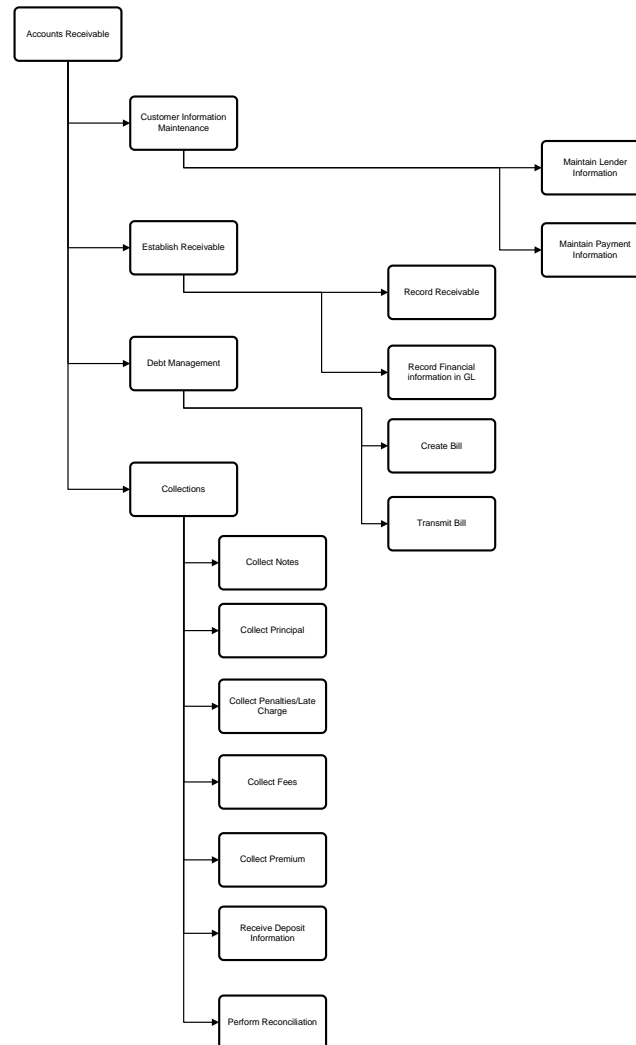


3.4.2 Accounts Receivable Management

FHA receives or accepts payments due from mortgagees on its mortgage loan programs. Collections of loan principal, interest, interest on advances, late charges, and service charges are recorded to the Confirmed Cash Account. Collections are usually made by the specified FHA lockbox designated to handle receivable functions. Daily collections are calculated and remitted to FHA's Accountant at the U.S. Department of Treasury through a wire transfer from the lockbox bank. Figure 3-18 illustrates the decomposition of the FHA receivables management function.

The corresponding detailed business processes for FHA's receivables management functions can be found in Diagram 4-37 Manage Receivables - FHA.

Figure 3-18 FHA Accounts Receivable Management System Functions

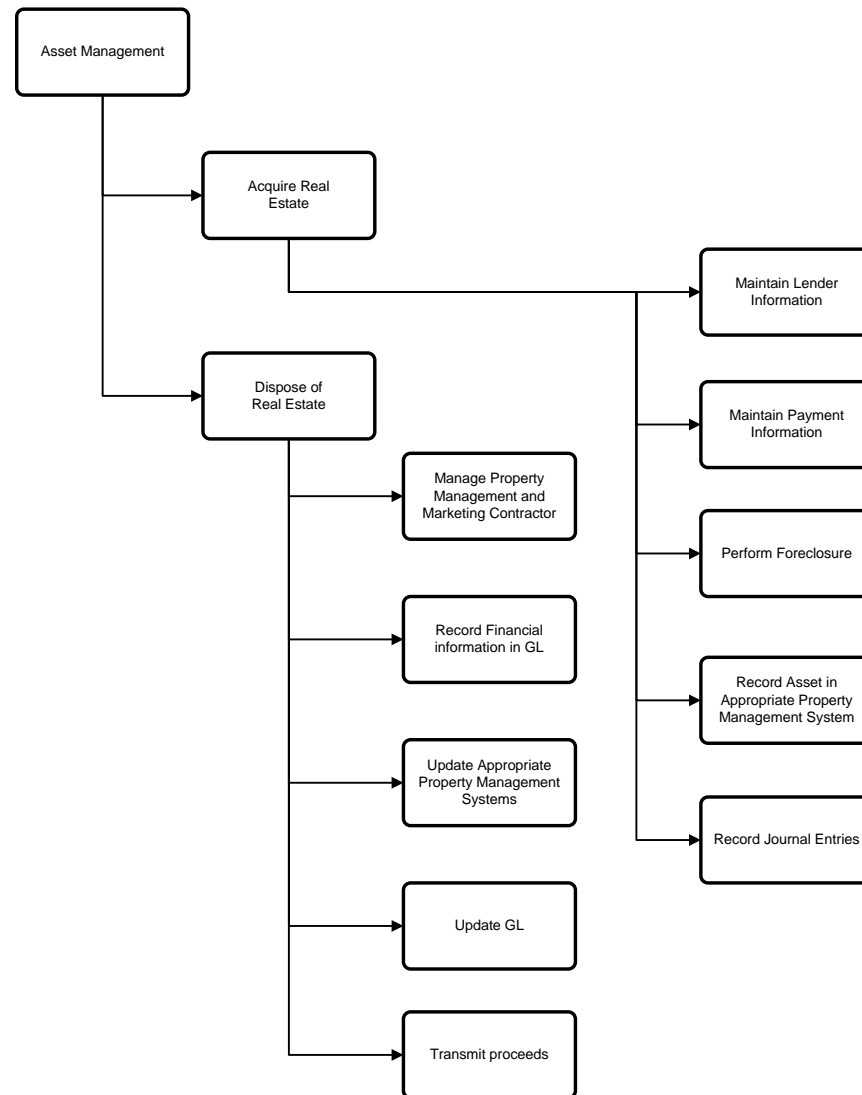


3.4.3 Asset Management

FHA is responsible for managing information relating to real estate properties that are under its custody. FHA processes collections and disbursements of funds for the maintenance and sale of its properties. Headquarters staff, Field Offices, Regional Offices, HUD's contractors, vendors, and contracted parties share the responsibilities for the administration of the property disposition. Each property represents a tangible asset to the Department and must be protected to avoid potential fraud, waste, and mismanagement of HUD's funds.

Figure 3-19 illustrates the decomposition of the FHA asset management function. The corresponding detailed business processes for FHA's payables management functions can be found in Diagram 4-38 Acquire Real Estate - FHA and Diagram 4-39 Dispose of Real Estate - FHA.

Figure 3-19 FHA Asset Management System Functions

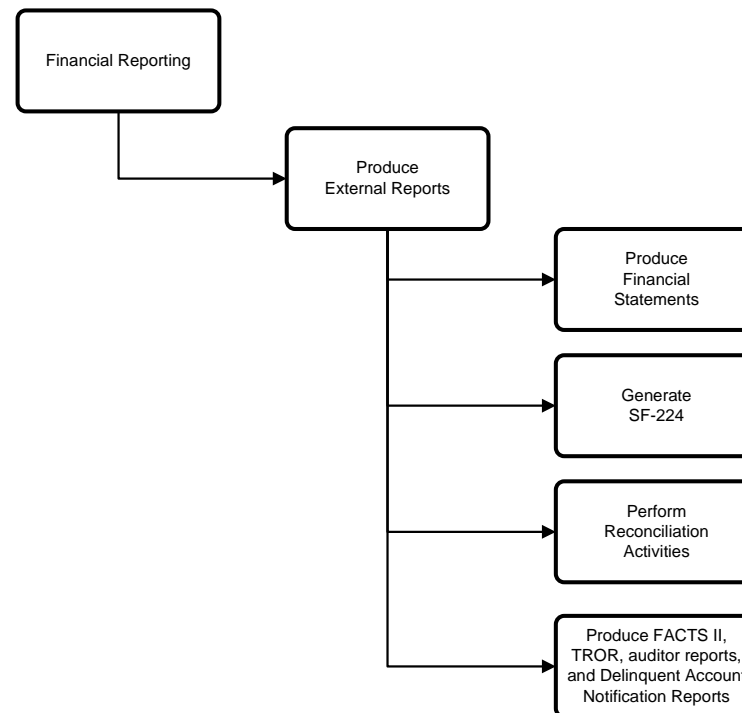


3.4.4 Financial Reporting

FHA provides the U.S. Department of Treasury with a monthly statement of disbursements and collections initiated by FHA that affect funds held by U.S. Treasury. SF-224 Statement of Transactions provides the U.S. Treasury with a monthly statement of disbursements and collections initiated by the FHA that affect all funds held by the Department of Treasury. FHA external reports also include FACTS II, TROR, auditor reports, and delinquent account notification for debt collection services to Treasury, Justice or NFC. Figure 3-20 illustrates the decomposition of the FHA financial reporting functions.

The corresponding detailed business processes for FHA's financial reporting functions can be found in Diagram 4-40 Generate SF-224 Statement of Transactions Report.

Figure 3-20 FHA Financial Reporting System Functions

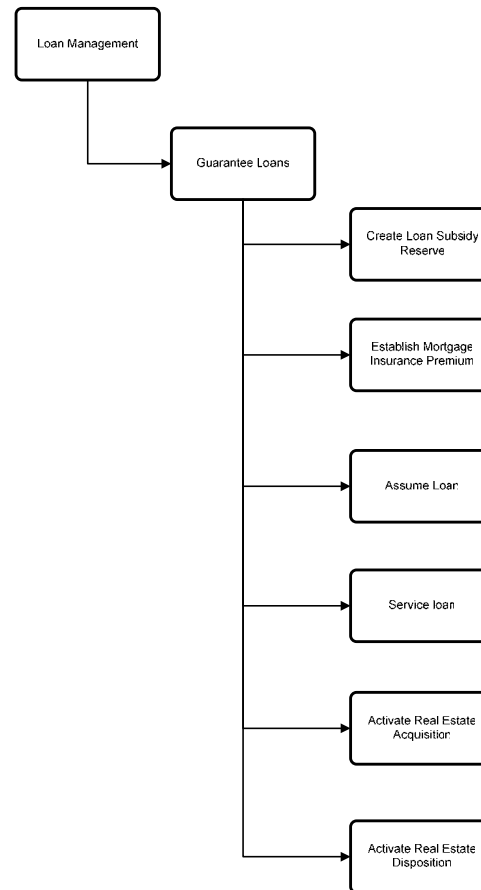


3.4.5 Loan Management

FHA provides assurance to lenders that if a loan FHA guarantee goes into default; FHA will make the loan good by taking the property and paying off the lender either in cash or with debentures guaranteed by the United States Government. HUD sometimes assumes and manages the loan thereby maintaining loans receivables associated with these properties. Figure 3-21 illustrates the decomposition of the FHA loan management function.

The corresponding detailed business processes for FHA's loan management function can be found in Diagram 4-41 Administer Guaranteed Loans - FHA.

Figure 3-21 FHA Loan Management System Functions



3.5 Ginnie Mae

Ginnie Mae supports three major accounting functions: accounts payable management, accounts receivable management, and financial reporting. Each of these functional areas is broken down to reflect specific business activities that are involved in each of these areas.

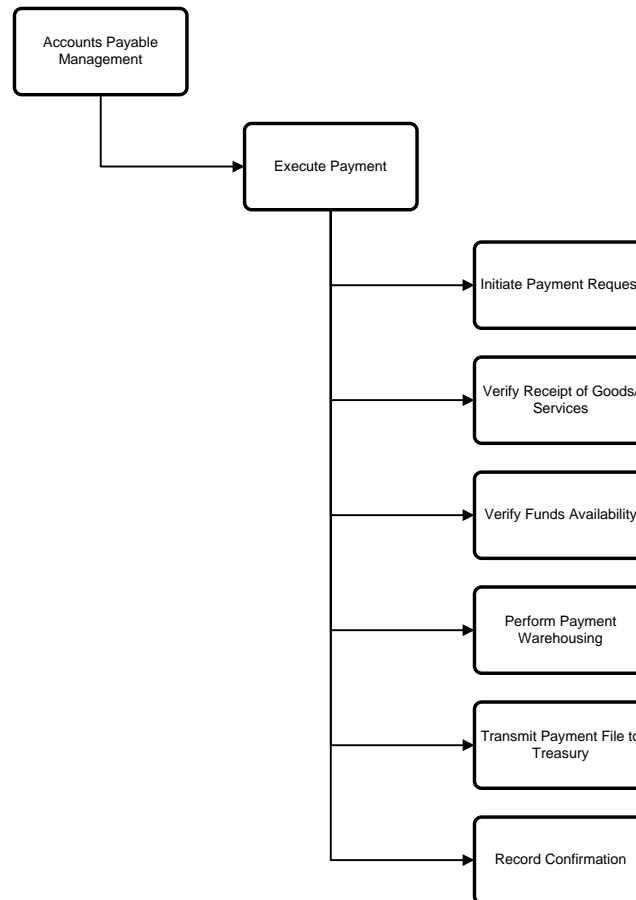
3.5.1 Accounts Payable Management

Ginnie Mae liquidates obligations such as default related and finance contracts. Ginnie Mae processes expenditures relating to defaults and finance contracts. The default related expenditures include advances to security holders, mortgage acquisition costs, and property management expenses. Finance contract expenditures are to contractors who provide operational and program related support.

Figure 3-22 illustrates the decomposition of the Ginnie Mae accounts payable management function.

The corresponding detailed business processes for Ginnie Mae's accounts payable management function can be found in Diagram 4-42 Execute Payments – Ginnie Mae.

Figure 3-22 Ginnie Mae Accounts Payable System Functions

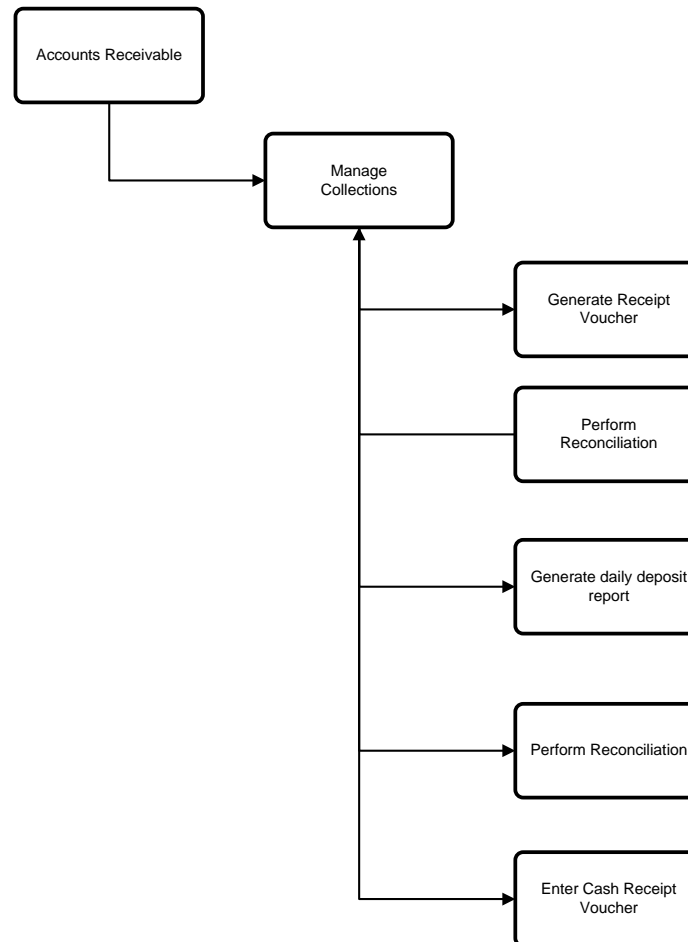


3.5.2 Accounts Receivable Management

Ginnie Mae receives payments due from issuers on Ginnie Mae Mortgage Backed Securities (MBS) and interest earned on the U.S. Government Securities held by Ginnie Mae. The U.S. Cash Link System provides information on disbursements and deposit activities processed through financial intermediaries on Ginnie Mae's behalf. Figure 3-23 illustrates the decomposition of the Ginnie Mae accounts receivable management function.

The corresponding detailed business processes for Ginnie Mae's accounts receivable management function can be found in Diagram 4-43 Manage Receivables – Ginnie Mae.

Figure 3-23 Ginnie Mae Accounts Receivable Management System Functions



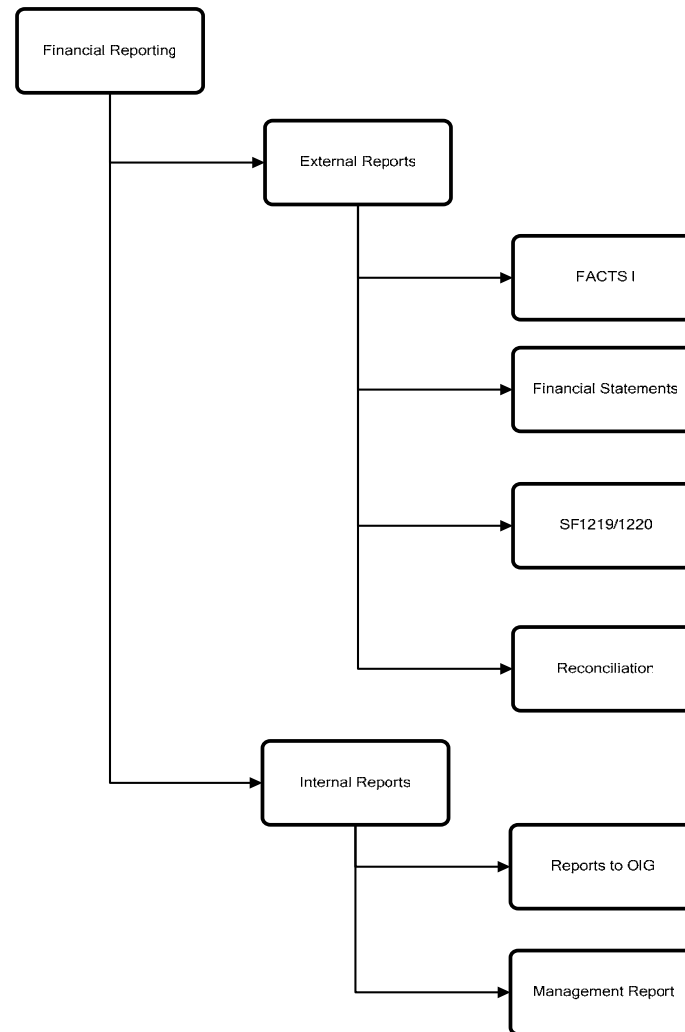
3.5.3 Financial Reporting

Ginnie Mae carries out a majority of its financial management activities exclusively within the Macola application; however Ginnie Mae provides quarterly and annual financial statement information to HUD OCFO for producing the HUD Consolidated Financial Statements. Ginnie Mae funds are transferred to HUD S&E fund to cover salaries and administrative expenses for their organization. Ginnie Mae also provides auditors with required information to conduct all audit activities to support the annual financial statement audit. Figure 3-24 illustrates the decomposition of the Ginnie Mae financial reporting management function.

Ginnie Mae provides the U.S. Department of Treasury with a monthly statement of disbursements and collections initiated by Ginnie Mae that affect funds held by the US Treasury. Cash Disbursements and cash receipts are reconciled monthly by the Comptroller's Office at Ginnie Mae with the Statement of Transactions (SF-224). This report lists monthly disbursements and collections and details the cash balances in Macola (MASS). The SF-224 is downloaded and electronically submitted to the U.S. Department of Treasury for reconciliation. Any differences in the account balances between Ginnie Mae and U.S. Department of Treasury are noted on the SF-6653, Statement of Differences, produced by the US Department of Treasury. The US Department of Treasury submits the SF-6653 to Ginnie Mae and any differences noted on the report are investigated and resolved by Ginnie Mae.

The corresponding detailed business processes for Ginnie Mae's financial reporting management function can be found in Diagram 4-44 Generate SF-224 Statement of Transactions – Ginnie Mae and Diagram 4-45 Generate FACTS I, SF-133, and Consolidated Financial Statements – Ginnie Mae.

Figure 3-24 Ginnie Mae Financial Reporting System Functions



3.6 OFHEO

OFHEO supports six major functions: funds management, purchasing (commitments and obligations), accounts payable management, accounts receivable management, asset management, and financial reporting. Each of these functional areas is broken down to reflect specific business activities that are involved in each of these areas.

We assume the functional descriptions for each of the functions coincide with that of the HUD Administration business processes. For this reason, the function descriptions have not been repeated here. MIL is still awaiting responses from a few users and stakeholders on the validity of the OFHEO analysis.

3.6.1 Funds Management

Figure 3-25 illustrates the decomposition of OFHEO's funds management functions. The corresponding detailed business processes for OFHEO's funds management function can be found in Diagram 4-46 Formulate Budget – OFHEO and Diagram 4-47 Execute Budget - OFHEO.

3.6.2 Purchasing (Commitments and Obligations)

Figure 3-26 illustrates the decomposition of OFHEO's purchasing management functions. The corresponding detailed business processes for OFHEO's purchasing functions can be found in Chapter 4 as follows:

- Manage Purchasing (Diagram 4-48)
- Manage Payroll (Diagram 4-49)
- Manage Travel (Diagram 4-50).

3.6.3 Accounts Payable Management

Figure 3-27 illustrates the decomposition of OFHEO's accounts payable management functions. The corresponding detailed business processes for OFHEO's payables management function can be found in Diagram 4-51 Execute Payments - OFHEO.

3.6.4 Accounts Receivable Management

Figure 3-28 illustrates the decomposition of OFHEO's accounts receivable management functions. The corresponding detailed business processes for OFHEO's accounts receivable management function can be found in Diagram 4-52 Manage Receivables - OFHEO.

3.6.5 Asset Management

Figure 3-29 illustrates the decomposition of OFHEO's asset management functions. The corresponding detailed business processes for OFHEO's asset management function can be found in Diagram 4-53 Acquire PP&E - OFHEO and Diagram 4-54 Dispose of PP&E - OFHEO.

3.6.6 Financial Reporting

Figure 3-30 illustrates the decomposition of the financial reporting functions. The corresponding detailed business processes for OFHEO's financial reporting function can be found in Diagram 4-55 Generate FACTS I, FACTS II, and Consolidated Financial Statement.

Figure 3-25 Funds Management System Function - OFHEO

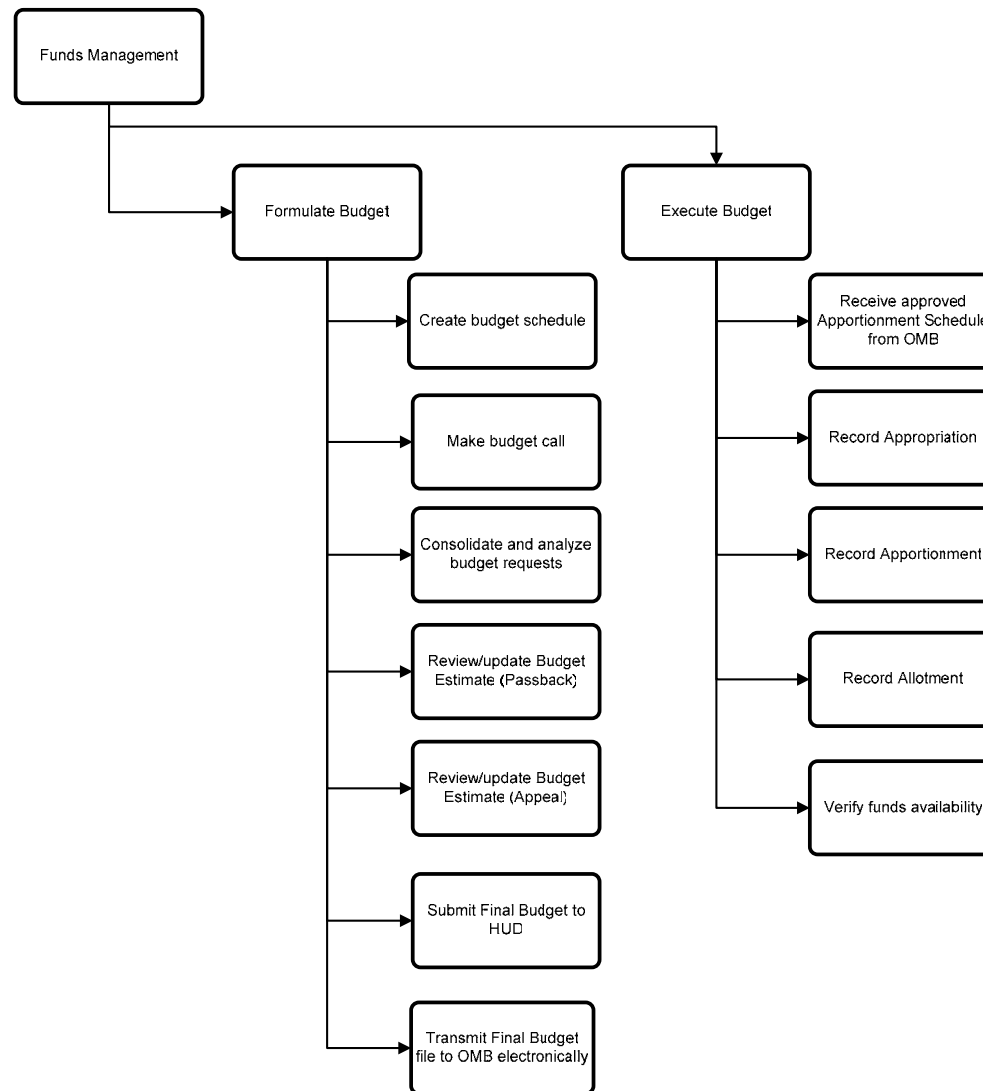


Figure 3-26 Purchasing Management System Function – OFHEO

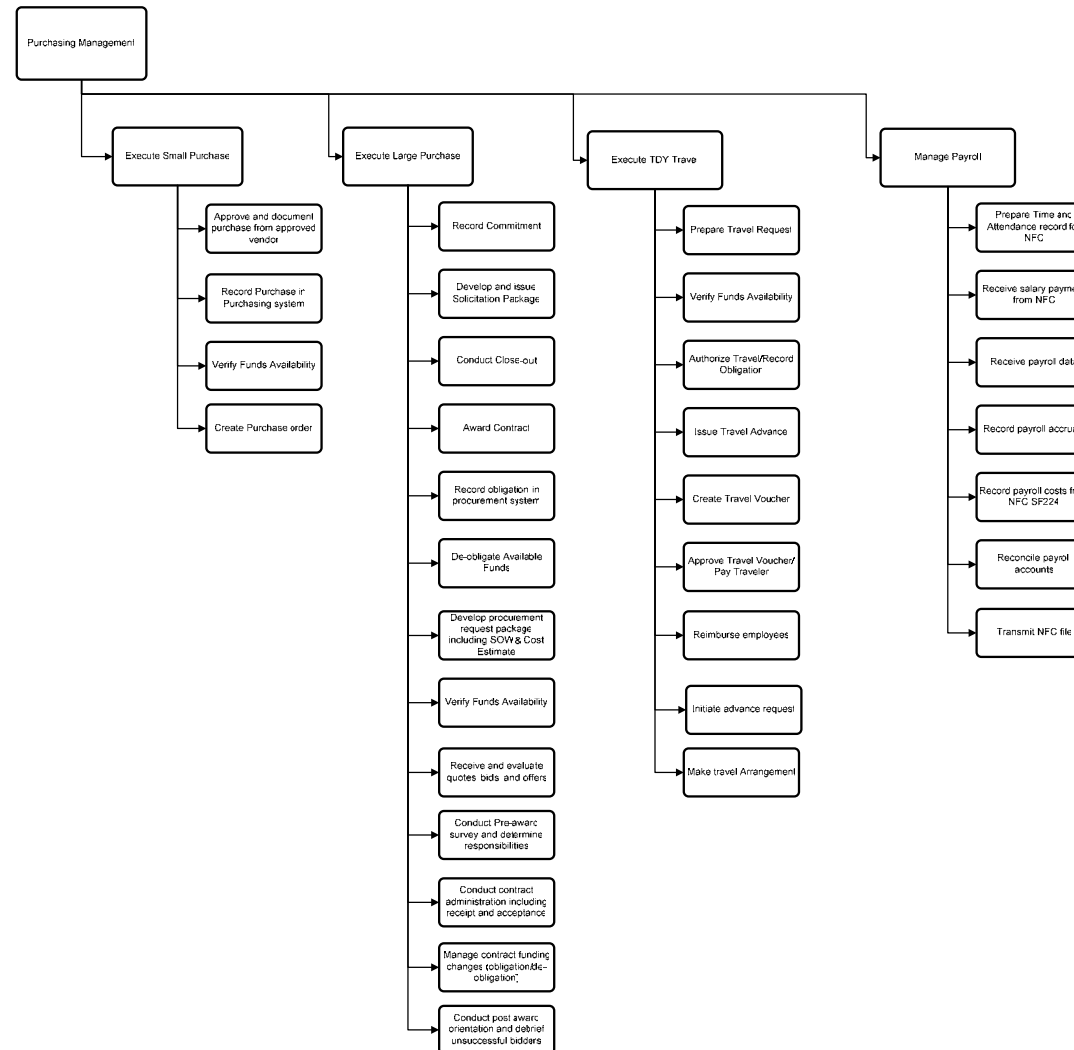


Figure 3-27 Accounts Payable Management System Function - OFHEO

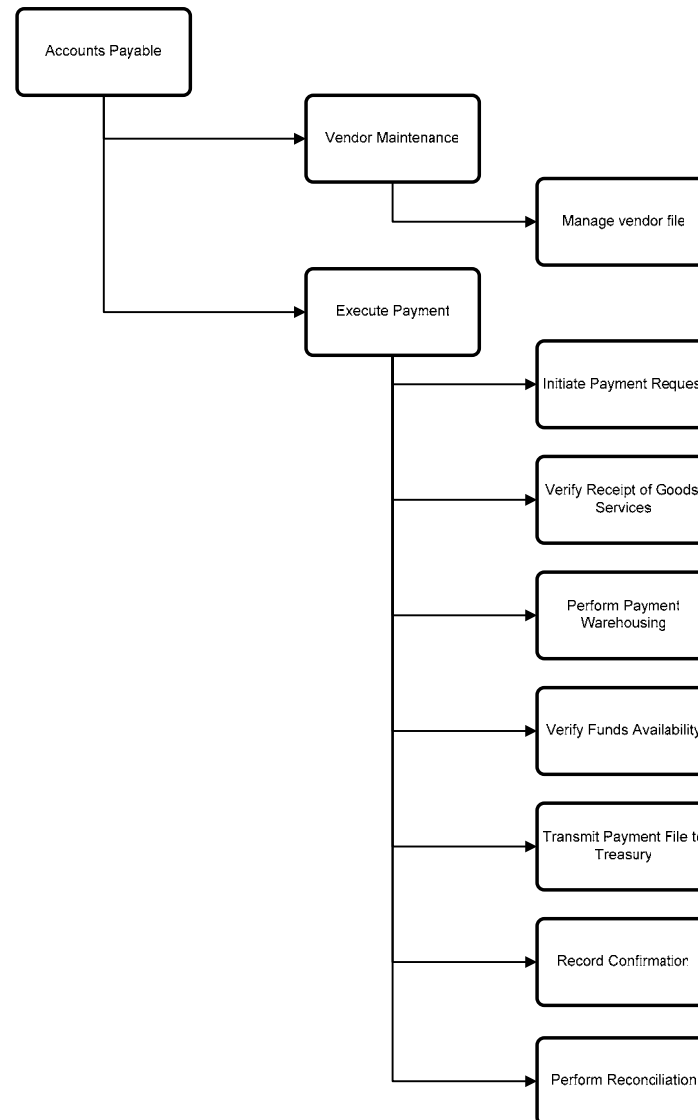


Figure 3-28 Accounts Receivable Management System Function - OFHEO

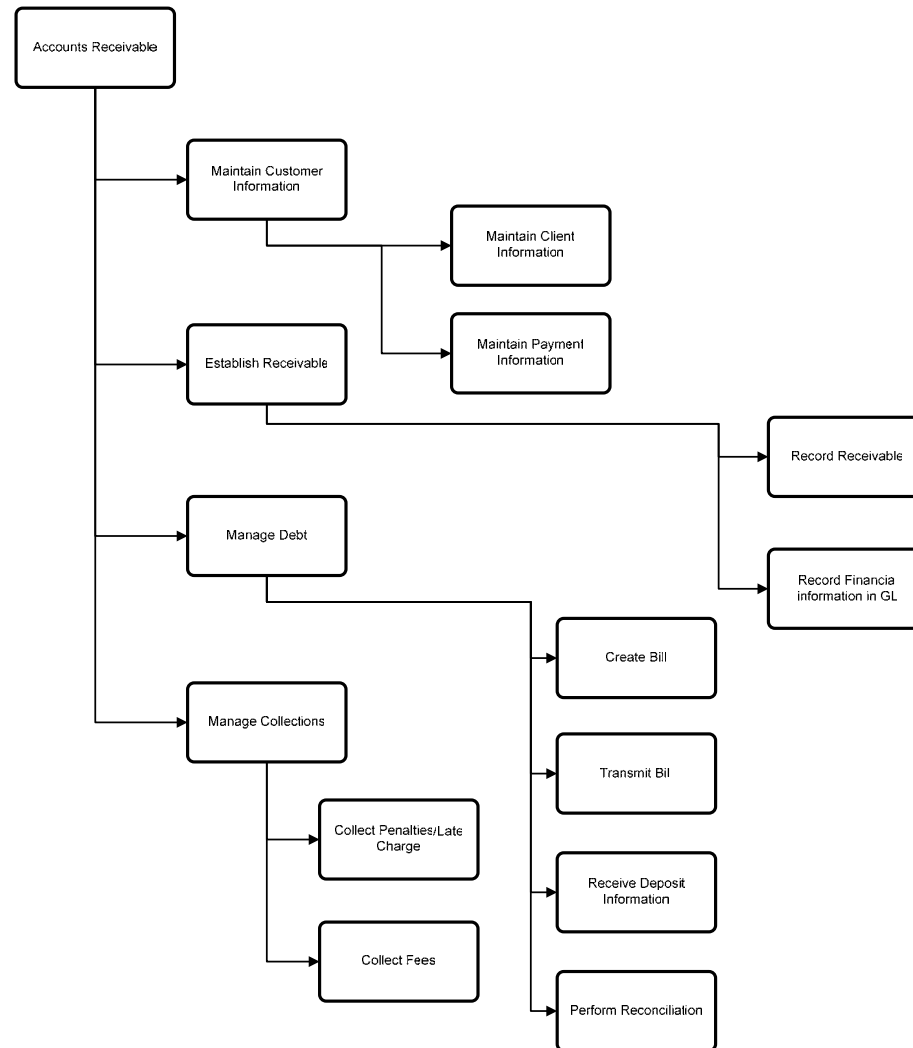


Figure 3-29 Asset Management System Function - OFHEO

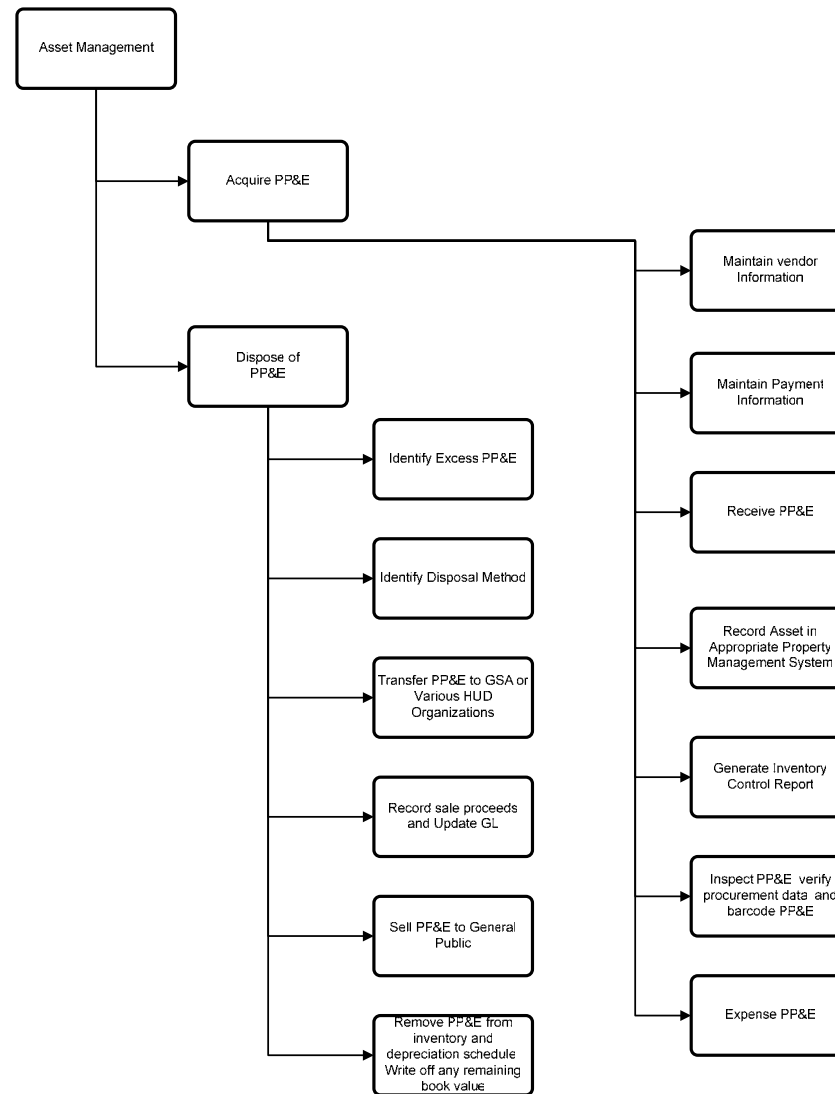
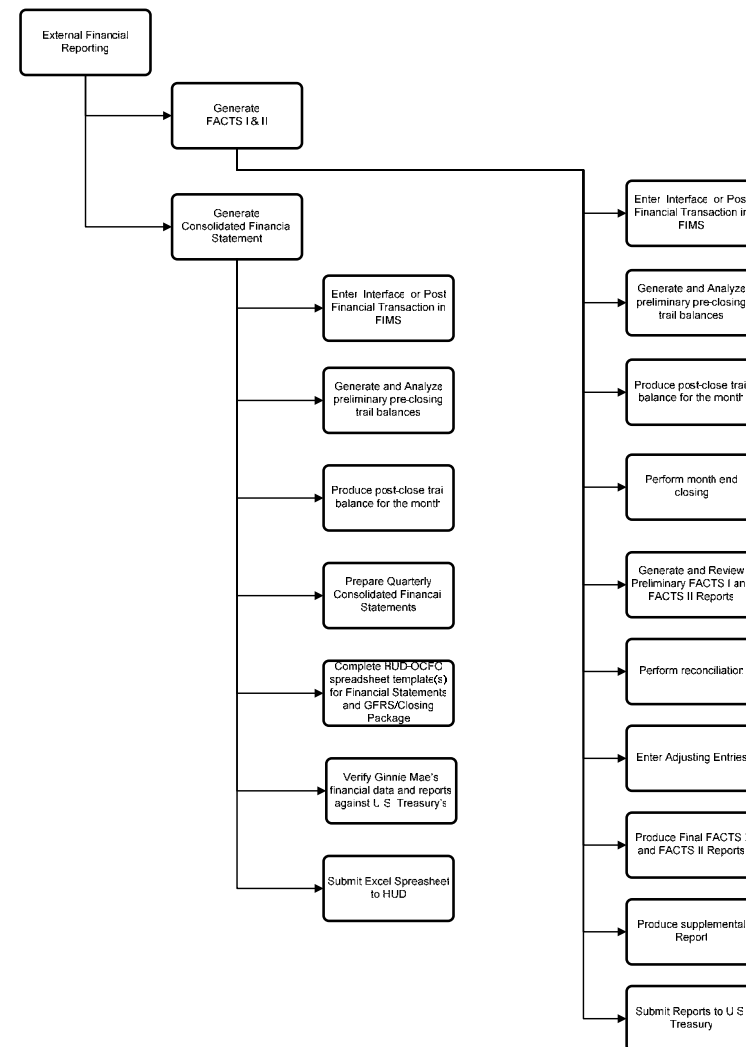


Figure 3-30 Financial Reporting System Function - OFHEO



4.0 BUSINESS PROCESSES

4.0 BUSINESS PROCESSES

After identifying the functions that are supported by each of the systems, we reviewed and documented the business processes that support the financial management activities carried out by the Department. Our analysis is categorized by the HUD IFM Organizational Structure documented in Figure 2-1.

- HUD Administration
- Grants / Subsidies Management
- Loans Management
- Ginnie Mae
- FHA
- OFHEO

This section documents the business processes performed in each of the HUD business areas including OCFO, FHA, Ginnie Mae, and OFHEO. The functions documented for the HUD business areas include processes to support HUD financial management process. These processes are not specific to OCFO only, because some business areas perform their financial management processes differently. For example, HUD OCFO processes salary and expense accounting and budgetary transactions for OCFO, FHA, and Ginnie Mae. But OFHEO records and processes payroll and administrative expenses directly from their appropriated funds.

4.1 HUD Administration

These business processes pertain to the HUD Administration business area.

4.1.1 Funds Management

As described in section 3.1.1, the funds management function decomposes supports two processes: Budget Formulation and Budget Execution.

4.1.1.1 Formulate Budget

The Budget formulation process describes the process by which HUD develops their budget request to the Office of Management and Budget (OMB). Each May or June, the OCFO Office of Budget issues a budget call to the program and administrative offices requesting initial estimates. The budget formulation process has several cycles in the course of a year. Each office submits its initial estimates to the Budget Office for review. There are three submission types:

- **Programs** - Each program area has a different mission. The submission will require different information and methods, depending on the program's mission.
- **Salaries and Expenses** - These are the administrative expenses for the agency, are categorized by object classification codes and include all salaries, benefits, and administrative costs incurred by HUD.
- **Jointly Administered Programs** – These comprise different programs are administered by more than one Assistant Secretary at HUD.

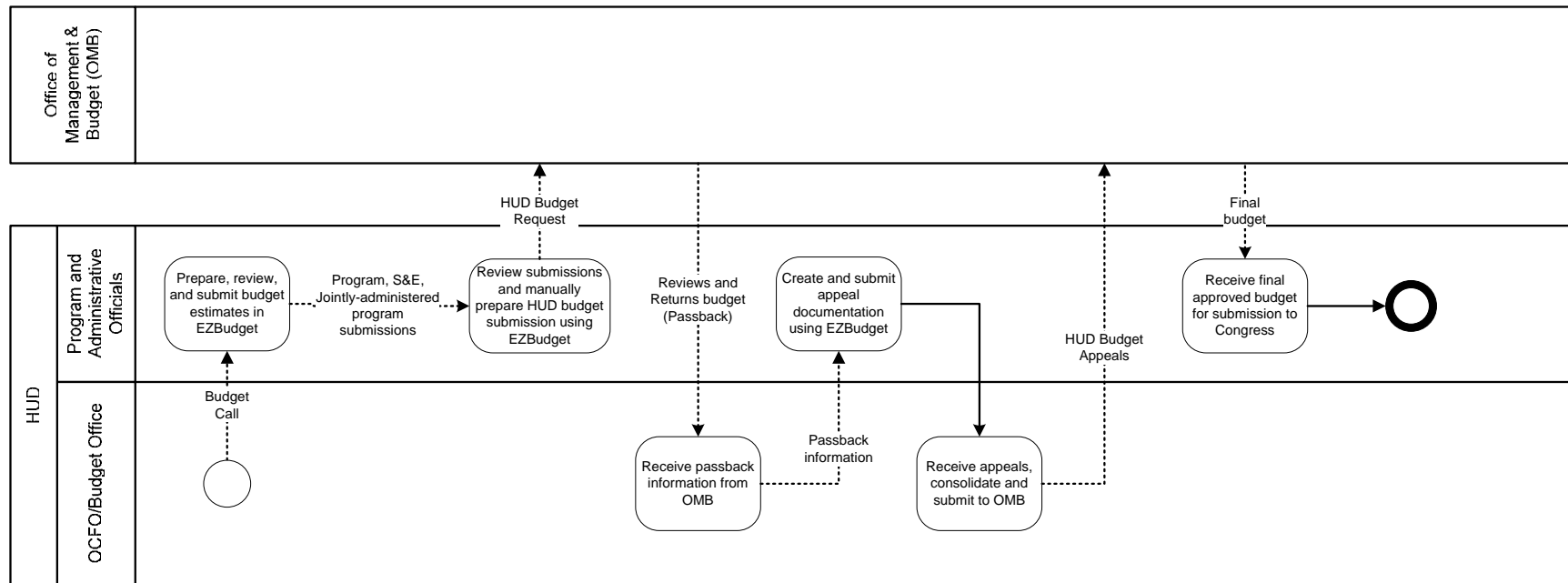
The budget is sent to the Office of Management and Budget (OMB) upon approval of the initial budget estimates. OMB reviews the budget and returns it to the Budget Office through the Passback process. The passback is reviewed to determine the impact of changes on the initial estimate. The budgets are then returned to each program area office where all program areas may create appeals to the OMB budget adjustments. The appeal documents are then returned to the Budget Office where they are reviewed and submitted to OMB; this is the Appeal process. Once OMB has approved the final budget estimates, the OCFO Budget Office prepares the supporting documentation for re-submission to OMB. This information is included in the President's submission to Congress.

Table 4-1 Formulate Budget Activity Steps

Trigger	Activity Step No.	Activity Description	Source/Systems	Performed By	Frequency
Budget Call	1.	OCFO Office of Budget requests initial budget estimates in May or June.		OCFO / Budget Office	Annually
	2.	Each Program and Administrative office submits its budget to the Budget Office where it is	EZBudget	Program and Administrative Budget	Annually

Trigger	Activity Step No.	Activity Description	Source/Systems	Performed By	Frequency
		reviewed. There are three submission types: Programs, Salaries and Expenses, and Jointly Administered Programs.		Offices	
	3.	Manually prepare HUD budget submission, budget narratives, and budget briefing packages for submission to OMB.	EZBudget	Program and Administrative Budget Offices	
OMB receives, reviews, and returns HUD Budget Submission	4.	OMB returns budget submission to the OCFO Budget Office as part of the passback process. The Budget Office receives the updated budget from OMB and distributes to the program areas.		OCFO / Budget Office	
	5.	Each program area office creates appeal documents for their budgets and submits completed appeals to the Office of Budget.	EZBudget	Program and Administrative Officials	
	6.	Appeal documents are then returned to the Budget Office and resubmitted to OMB (this is the Appeal process).	EZBudget	OCFO / Budget Office	
OMB forwards final approved budget	7.	<p>Program and Administrative offices receive final approval and submit final budget justification to OMB. The final package includes:</p> <ul style="list-style-type: none"> • Goals and strategies • Financial performance • Financial management systems structure • Grants management • Capital Investments • IT Investments • Financial Management <p>This information is included in the President's submission to Congress.</p>	EZBudget	Program and Administrative Budget Officials	

Diagram 4-1 Formulate Budget - HUD Administration



4.1.1.2 Execute Budget

The budget execution process is the process by which HUD will apportion and allot budgetary resources to the Department's programs and activities. OMB's apportionment provides the budget authority (resources), or funds, with which HUD will have to operate for the upcoming fiscal year. Budget estimates are prepared by each allotment holder and forwarded to the OCFO. The OCFO prepares form SF-132, Apportionment and Reapportionment Schedule, and forwards it to The Office of Management and Budget (OMB). OMB reviews and approves the SF132 and submits back to the OCFO. These apportioned funds are then allotted using HUD-158, Advice of Allotment, to HUD programs and organizational components. These allotments identify the amounts, purposes and time frame in which funds can be obligated. The allotment provides specific directions to the allotment holder. After the Advice of Allotment Form is signed by the Assistant Chief Financial Officer (ACFO) for budget, they are delivered to the allotment holders. This serves as notice to the allotment holders that the funds are available. Funds are distributed and made available to Field Office using HUD-158 form. The Notice of Allotment amounts are input into HUDCAPS and other supporting subsidiary systems by the Program Budget Offices and Allotment Holders.

The HUDCAPS budget execution subsystem automates the budget execution process by recording on-line all financial activity associated with the establishment and distribution of the Department's budget. These activities include the establishment of budgetary resources, distribution of funds, and monitoring the spending of funds at all budget levels. By specifying certain system options, the distribution and control of funds can be uniquely defined for each budget level and HUDCAPS systematically ensures that authorized amounts are not exceeded.

When entering the budget execution transactions into HUDCAPS, users follow the uniform budget structure as documented below:

Table 4-2 HUD Uniform Budget Structure

Level	Description	Dimensions
1.	Appropriation Source Doc: Public Law (if applicable) or Continuing Resolution (CR) SF-132 used to record the appropriation thru apportionment; CR uses the memorandum	Budget Fiscal Year Fund Code
2.	Apportionment Source doc: SF-132	Budget Fiscal Year Fund Code Quarter (category A only)
3.	Allotment Total Source doc: HUD-158	Budget Fiscal Year Fund Code Quarter Allotment Holder

Level	Description	Dimensions
	Different transaction types are used to process funding documents for administrative funds and program funds.	
4.	Allotment Line Item (Distribution to Program /Object Class) Source doc: HUD-158	Budget Fiscal Year Fund Code Quarter Allotment Holder Program Class / Object Class
5.	Distribution to Program Source doc: HUD-185	Budget Fiscal Year Fund Code Quarter Allotment Holder Program Code (refers back to the program class) / object class
6.	Assignment to Organization	Budget Fiscal Year Fund Code Quarter Allotment Holder Program Code Organization Code

As funding is distributed, the dimensions of the subsequent budget level must include the budget dimensions of the previous budget level. For instance, the Distribution to Program / Object Class must include the dimensions on the Allotment Total (i.e., source year, fund code, quarter, and allotment holder code) and the program/object class code being established.

The internal reports listed below are used to track and monitor the status of funds.

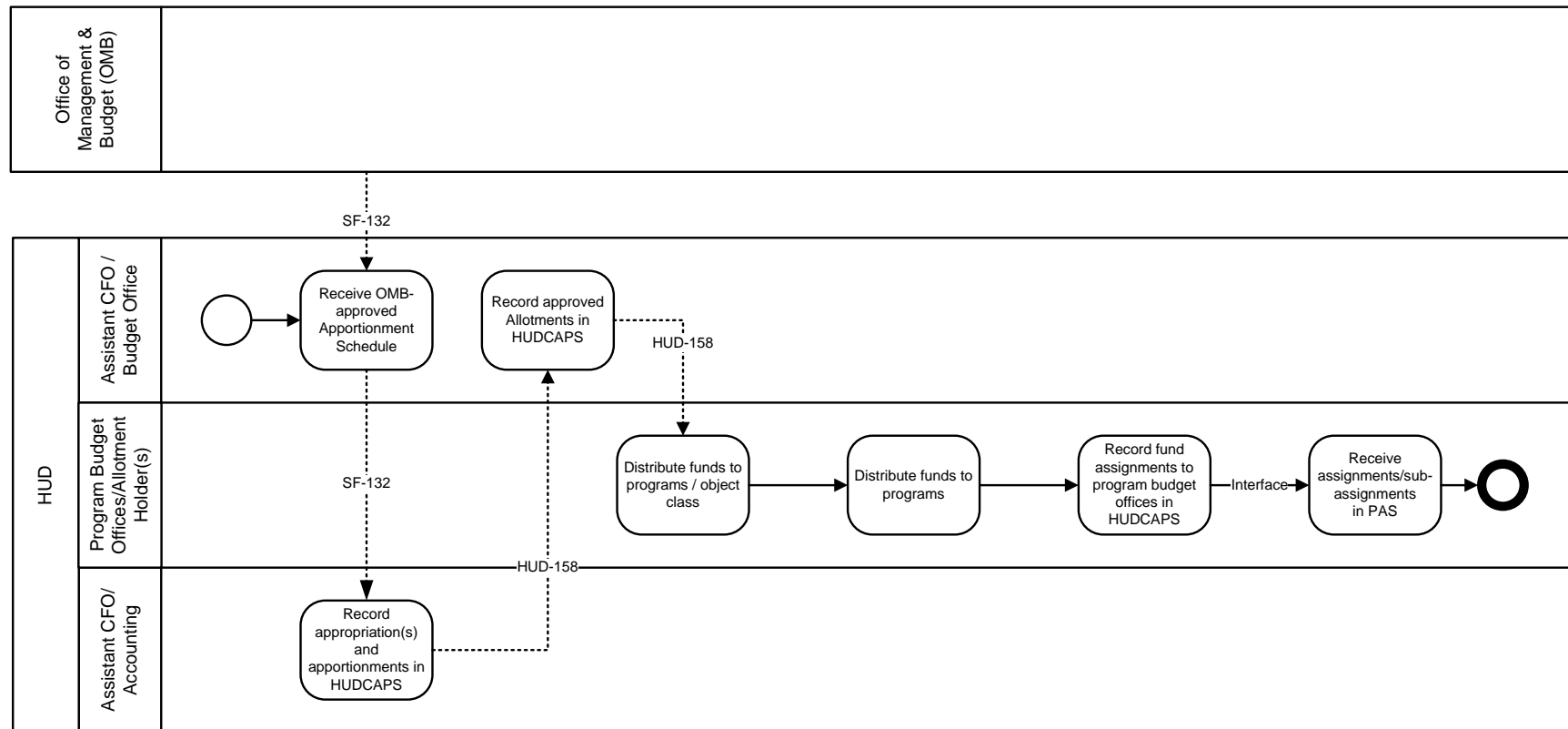
- Assignment Spending Control Query (SASP) – Displays the original sub-allotment, un-liquidated commitments, un-liquidated obligations, and expended amounts at the fund/office/program level.
- Field Office Sub-Assignments (GRF) – Captures similar data as listed on the SASP report however the data source is the Program Accounting System (PAS)
- FHA Status of Funds – Reports the original assignment, un-liquidated commitments, un-liquidated obligations, and expended amounts at the HUB/HOC Program/Fund level.
- APPR Report – Provides information about the status of an appropriation (amounts appropriated, apportioned, allocated, allotted, and spending adjustments for expired appropriations).
- Unobligated Balance Reports (by Fund Summary Group) – shows balance remaining after appropriation, allotment, distribution, assignment, and obligation.

Table 4-3 Execute Budget Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Awarding Appropriations	1.	Receipt of OMB approved Apportionment / Reapportionment Schedules (SF 132s)	SF 132	Assistant CFO Budget/OCFO	Annually
	2.	Record SF 132s into HUDCAPS. Below are example of the types of budget authority that HUD records: <ul style="list-style-type: none"> • direct authority • contract authority • credit program account • credit financing account • credit liquidating account • reimbursable authority • transfer appropriation (allocation account) • source year (no-year accounts only beginning with fiscal year 1998) • apportionment line item (Category B) 	SF 132 HUDCAPS	Assistant CFO Accounting	
	3.	Record the approved HUD Advice of Allotments (HUD 158s) into HUDCAPS. The Advice of Allotment authorizes the designated allotment holder to record commitments (reservations), obligations, and expenditures. This third budget level is not used for citing or recording of actual spending documents but establishes the threshold amounts and complies with the legislation detailing the authorized use of the funds.	HUD –158 HUDCAPS	Assistant CFO Budget Budget/OCFO	
	4.	Funding is further distributed to the Program/Object Class Budgets and Program Budgets, this authority is subsequently delegated to subordinate organizations through Assignment / Operating Budgets. This level represents line items from the Advice of Allotment (i.e., the allotment line limits by program for program funds, and allotment line limits by object class for administrative funds). The dimensions of this fourth budget level must include the budget dimensions of the Advice of Allotment (i.e., source year, fund code, and allotment holder code) and the program/object class code being established.	HUD-158 HUDCAPS	Program Budget Office / Allotment Holder(s)	
	5.	This is a distribution of funds to a specific program code and it	HUD	Program Budget	

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		authorizes the recipient to make assignments of funds. A distribution to program must be established for all funds of HUD within HUDCAPS. The recording of line item controls as a Distribution to Program requires the use of a Budget Execution (BE) Document for administrative funds and PAS Distribution to Program (B6) Document for program funds. Additionally, administrative funds are distributed to an object class instead of a program.	Memorandum HUDCAPS	Offices / Allotment Holders	
	6.	Allotment Holders make Fund Assignments to Regional Offices/Field Offices. This budget level distributes funds to a subordinate organization for a specific budget object code or multiple budget object codes.	HUD-718 HUDCAPS	Program Budget Offices / Allotment Holders	
	7.	The Program Budget Offices receive allotment information in the Program Accounting System (PAS) via an interface.	HUDCAPS PAS H2P Interface	Program Budget Offices / Allotment Holders	

Diagram 4-2 Execute Budget - HUD Administration



4.1.2 Purchasing (Commitments and Obligations)

4.1.2.1 Manage Payroll

Employees, their supervisors and timekeepers work together to record, certify and submit time and attendance information using HUD Form 25012 – Time and Attendance Record. This source document is codified by the timekeeper into a Personnel Computer Time & Attendance Remote Entry System (PC-TARE) file. PC-TARE is a product of the National Finance Center (NFC) which makes salary and wage payments to HUD employees. PC-TARE is a DOS-based PC application originally written by the NFC. HUD timekeepers use it to enter manual forms that have been signed by the employee and supervisor. PC-TARE or one of its utilities transmits the timecard data to NFC electronically.

Each week, The NFC transmits payroll transactions and employee information to HUD by using an Interactive Output Facility (IOF) "snap" to a remote Transaction Processing (TP) address on the Personal Services Cost Reporting System (PSCRS), which executes on a Hitachi mainframe. Essentially, the NFC creates a data file on the Hitachi mainframe to provide HUD access to the payroll and personnel files. PSCRS processes the transactions and generates reports using the payroll and personnel data. PSCRS also distributes the NFC data to four interfacing systems within HUD, including HUDCAPS, the Consolidated Cost and Full-Time Equivalent Files System (CCFTE), the Letter of Credit Control System (LOCCS), and the Human Resources Action Tracking System (D72P HATS). PSCRS receives a batch file from DOCS. Additional inputs to PSCRS include organizational codes from DOCS. PSCRS converts the NFC code (unique, 18 digit value) to the unique 7-digit HUDCAPS organization code by using the DOCS file. The DOCS file contains both the NFC code and HUDCAPS organization code value. HIRTS, a comprehensive Human Resource system, provides the functionality that was previously performed by the DOCS system.

HUDCAPS posts payroll transactions, summarized by the budget object code and the sub-object code, to the general ledger using the data received by PSCRS. HUDCAPS receives payroll transactions from PSCRS through the HUDCAPS Payroll Interface (GLPAY). GLPAY validates payroll data from PSCRS and converts the PSCRS records into PY Document header and line records. DOCLOAD enters the PY Documents into HUDCAPS to record payroll costs and accruals. Monthly payroll accruals are automatically reversed at the beginning of the next accounting period. The CFO Accounting Center (Ft. Worth) receives a copy of the NFC SF-224 Statement of Transactions Report and records the monthly net disbursed amounts by fund into HUDCAPS. Each pay period, HUD reconciles NFC transactions recorded to their Treasury accounts against the NFC transaction file.

Unemployment compensation payments are recorded as direct pay obligations when the bills are received from the Department of Labor through the Treasury Intra-governmental Payment and Collection System (IPAC).

The following reports are currently used to record and reconcile HUDCAPS payroll transactions:

- **Personal Services and Cost Report by Division (A75EBCG)** - This PSCRS standard report provides the total payroll expenditures for each Division's Cost Organizations by the Budget Object Code.

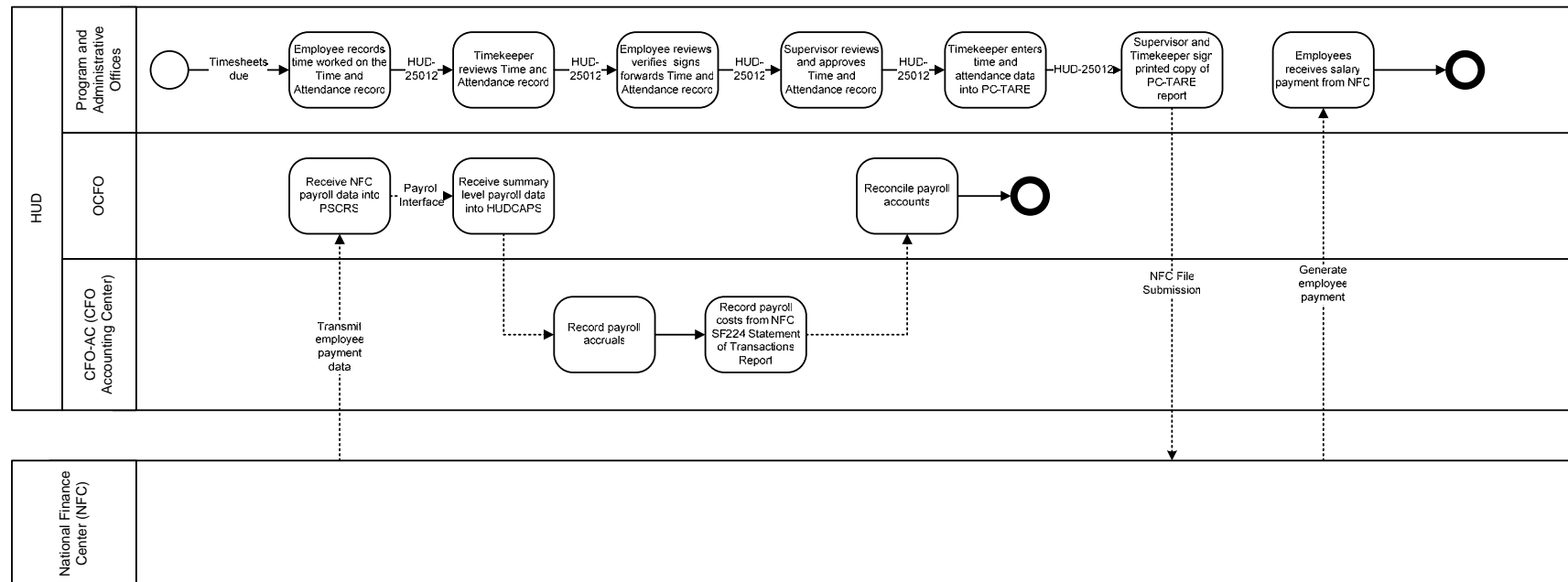
- **Personal Services Cost Report by Program Assistant Secretary (A75EBCA)** - This PSCRS standard report provides the total payroll expenditures for each Cost Organization by the Budget Object Code.
- **Personal Services Cost Detail Report by Organization Code (A75EBCE)** - This PSCRS standard report provides the total payroll expenditures for each employee by Budget Object Code for each Cost Organization.
- **Personal Services Cost Report by Fund Code (A75EBCD)** - This PSCRS report provides the total payroll expenditures for each NFC fund code by Budget Object Code.

Table 4-4 Manage Payroll Activity Steps

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed by	Frequency
Bi-weekly Timesheet Due	1.	Employee records hours worked on the Time and Attendance Record, HUD-25012.	HUD-25012	Program and Administrative Officials	Bi-weekly
Employee completes Timesheet	2.	The Timekeeper completes and reviews the Time and Attendance Record, HUD-25012, for completeness and certifies the accuracy of entries.	HUD-25012		Bi-weekly
Timekeeper Review	3.	Employee reviews, verifies, signs and returns HUD-25012 to timekeeper.	HUD-25012		Bi-weekly
Employee Review	4.	Timekeeper forwards employee's timesheet to the employee's supervisor for review. HUD-25012 should contain both the timekeeper's and the employee's signatures, approves the timesheet and returns it to the timekeeper.	HUD-25012		Bi-weekly
Supervisor Approval	5.	The timekeeper enters the data into and prepares the PC-TARE T&A Report.	PC-TARE		Bi-weekly
T & A Report data entry	6.	The timekeeper and the supervisor sign a printed copy of the PC-TARE Report to confirm its accuracy.	PC-TARE		Bi-weekly
Timekeeper/Supervisor signature	7.	The PC-TARE file is electronically submitted to NFC for payment.	PC-TARE		Bi-weekly
NFC File Submission	8.	NFC makes payment to the employee. In some cases, the employee may owe HUD for a salary overpayment. If so, the overpayment amount is offset with the employee's salary amount.		NFC	Bi-weekly

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed by	Frequency
Payment made by NFC	9.	NFC sends data back to HUD. Personal Service Cost Reporting System (PSCRS) transforms the payroll data from an 18-digit NFC code to a 7-digit HUDCAPS organizational code. Working capital fund payroll amounts are extracted based on organization. Once the translation is complete, the transaction is posted in HUDCAPS. These transactions come in as standard voucher (SV) transactions. Data is processed at a summary level from PSCRS into HUDCAPS. These transactions are summarized at the budget object code (BOC), organization, cost organization, division, and fund level.	PSCRS Payroll interface HUDCAPS	OCFO / OSDM – Office of System and Development	Bi-weekly
	10.	Record payroll accruals for unfunded liabilities (annual leave) and unfunded FECA liability. The unfunded liability is recorded on an annual basis. The unfunded FECA liability is recorded on a monthly basis. PSCRS automatically calculates accrual amount and reverses the entry at the start of a new month.	HUDCAPS	CFO-AC	Annually / Monthly
	11.	Record the payroll costs as reported on the NFC SF-224 Statement of Transactions Report. These costs are reported on the SF-224 report as net disbursed amounts.	HUDCAPS	CFO-AC	Monthly
Data in HUDCAPS	12.	Payroll account reconciliations are performed. The OCFO must reconcile current year and prior year payroll data from NFC and BPD.	HUDCAPS	OCFO	Bi-weekly

Diagram 4-3 Manage Payroll - HUD Administration



4.1.2.2 Manage Bankcard

The Government wide Commercial Purchase Card uses a standard commercial card to streamline the purchase of supplies, equipment, and services up to \$2,500.00. The program requires adherence to the applicable standards and procedures mandated by Federal Acquisition Regulations (FAR). The Office of Administrative and Management Services in the Office of the Secretary for Administration (ADMN) is responsible for administering the Government wide Commercial Purchase Card Program in HUD. The Office of Procurement and Contracts assists in monitoring compliance with procurement procedures. Program development, implementation and daily operations include; establishing new accounts, issuance of Purchase Cards, account maintenance, renewals, reports and training.

The HUDCAPS bankcard payment process involves the payment of Purchase Card transactions through the purchase card interface. The purchase card interface transmits credit card data on a monthly basis from the credit card company to HUDCAPS. The interface records the purchase card expenditures and generates the automated payments for each monthly bill. Expenditure documents are generated and processed for each cardholder's approved VISA transactions. The interface also provides an on-line table for supplying required accounting elements for each VISA transaction as well as a reference document.

The Finance Office is responsible for budgetary and financial reconciliations, paying invoices in compliance with the Prompt Payment Act and all other accounting requirements.

The HUDCAPS bankcard payment process involves the payment of credit card transactions through the HUDCAPS-bankcard interface. The HUDCAPS-bankcard interface transmits credit card data on a monthly basis from the credit card company to HUDCAPS. The interface records the purchase card expenditures and generates the automated payments for each monthly bill. Expenditure documents are generated and processed for each cardholder's approved VISA transactions. The interface also provides an on-line table for supplying required accounting elements for each VISA transaction as well as a reference document.

The data entry steps for HUDCAPS bankcard transactions are as follows:

The VISA Table Load Program (APVIS1) reads the VISAIN input file created by HUD from the bank's data and adds records to three FFS tables. Two tables are the Credit Card Payment Table (CPAY) and the VISA Payment Header Table (VPHT). Detail records are displayed on the VISA Payment Line Table (VPLT).

Authorized users access the line table (VPLT) to add the Budget Fiscal Year(s) and Fund breakdown required for the payment generation process. The program will use the Interface Parameters Table (OPPT) to obtain the Invoice Date and default Budget Object Code. These values are validated in HUDCAPS. The Credit Card Holder Reference Table (CCHR) derives data elements that are used to update the CPAY.

The VISA Document Generation Program (APVIS2) consists of two parts. The first part of the program reads the VPHT and the VPLT to generate VISA Voucher Documents (VV). The second part of the program reads CPAY to generate VISA Expense Documents (VE). The program creates a file containing the information required for each document. The existing baseline Document Load Program (DOCLOAD) reads this file and loads the document header and lines to the Document Suspense File (SUSF).

After all records have been processed, the program generates a printed report of all records added to the CPAY with summary totals by Card Holder Code.

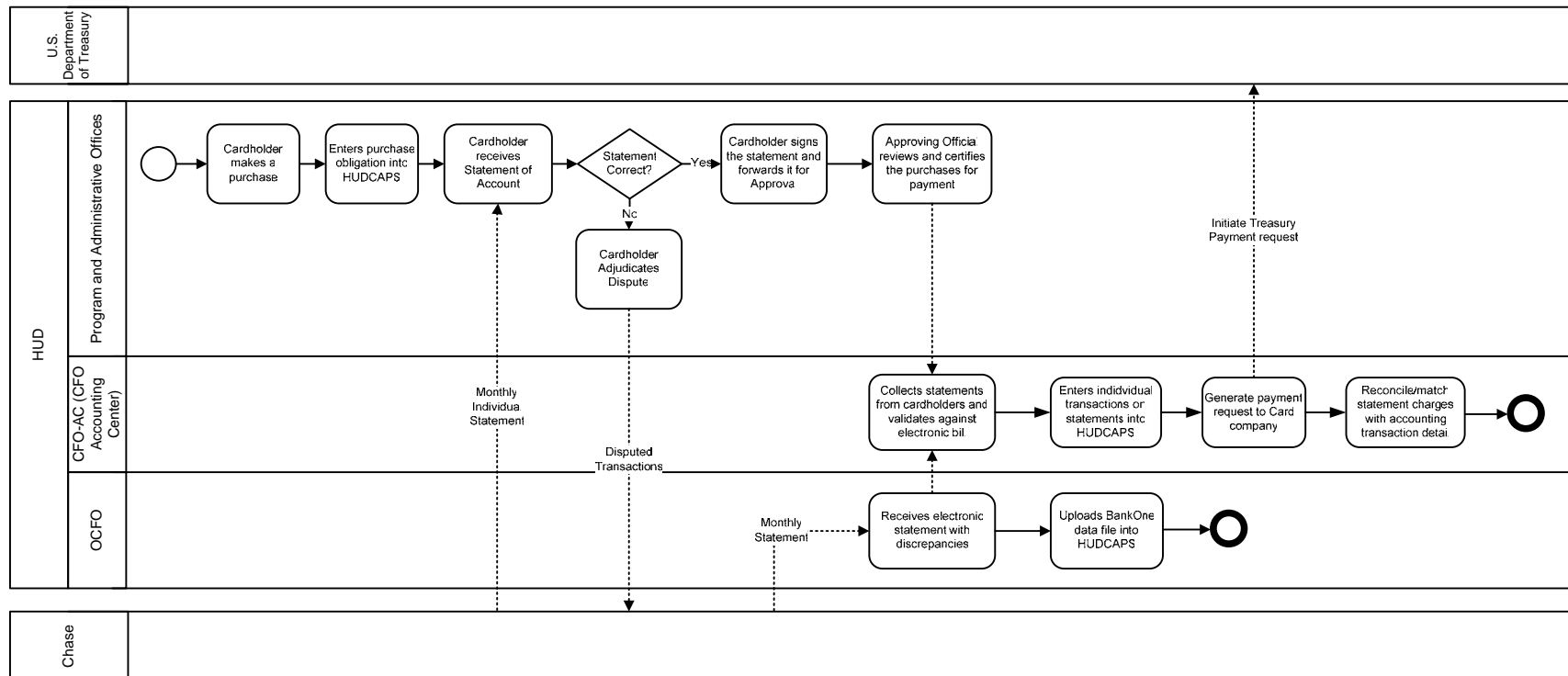
Source documents for recording bankcard transactions are VE and VV documents. The VE document is used to record the expenditures generated by the cardholder. The VV document is used to generate the payment to the bank card company. The important document fields for a VE Document (similar data entry as a No Check Document) are the reference document number, the vendor code, the document total, and the funding strip information. The important document fields for a VV Document (similar data entry as a Direct Payment Document) are the accepted/delivery date, the vendor code, the document total, and the funding strip information.

Table 4-5 Manage Bankcard Activity Steps

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed by	Frequency
Identified a need for goods or services.	1.	Authorized credit card holder makes purchase.		HUD Bankcard Holder (in a Program or Administrative Office)	Daily
Credit Card purchase is made	2.	The Cardholder enters an obligation into HUDCAPS for each purchase	HUDCAPS	HUD Bankcard Holder (in a Program or Administrative Office)	As required
	3.	The Cardholder receives their Statement of Account from the credit card company. The Cardholder then signs all accurate statements and forwards them to the Approving Official. The cardholder is responsible for resolving billing discrepancies with the Card company.	Credit Card Statement	HUD Bankcard Holder (in a Program or Administrative Office)	Monthly
	4.	The Approving Official reviews and certifies the purchase and then forwards each statement to the CFO-AC.	Credit Card Statement	HUD Approving Official (in a Program or	Monthly

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed by	Frequency
				Administrative Office)	
	5.	CFO-AC collects certified individual statements from approving officials. CFO-AC receives Master statement from bankcard company and validates itemized statement with the electronic summary bill from card company to OCFO.	Credit Card Statement	CFO-AC OCFO	Monthly
Receive invoice from Card company	6.	OCFO resolves any Master statement/electronic bill discrepancies with card company.		OCFO	Monthly
	7.	OCFO uploads the file from card company into HUDCAPS (VPHT, VPLT, and CPAY). VPHT and VPLT are loaded with two records each. The total purchases for region 00 and the total purchases for region 80. CPAY is loaded with individual purchases.	HUDCAPS	OCFO	Monthly
	8.	The CFO-AC enters each line on the received statements into HUDCAPS. As part of the Visa interface process, CFO-AC enters the invoice number and the approved indicator on the VPHT and VPLT. This facilitates the matching of the payment to the invoice.	HUDCAPS	CFO-AC	Monthly
	9.	The total amount due card company is downloaded to the treasury for payment in Accordance With prompt payment. The total amount is initially posted to the current year salaries and expense fund.	HUDCAPS	CFO-AC	Monthly
	10.	CFO-AC then matches the individual approved bankcard statements to individual purchase loaded into CPAY. Changes the status to A (Approved) and enters obligation number and reference line information	Statement HUDCAPS	Approving Official CFO-AC	Monthly
	11.	After all statements associated with a monthly invoice are processed, the total CPAY Unapproved amount is 0, a JV is prepared to correct the general ledger cash balances in each affected fund.	Statement HUDCAPS	CFO-AC	Monthly

Diagram 4-4 Manage Bankcard - HUD Administration



4.1.2.3 Execute Purchases

Purchasing is the process of identifying a need of goods and or services, the setting aside of funds for this purpose, and the evaluation and selection of a supplier or contractor to provide the required goods or services. Prior to the creation of a committing or obligating document, funds availability verification is performed to ensure that there are sufficient funds available to commit to a purchase. The commitment document, HUD-718 Funds Reservation & Contract Authority, is either mailed or faxed to the CFO-AC in Ft. Worth, Texas, where it is processed. Subsequent obligating documents; Purchase Order, Contract, Grant Award, reference the corresponding HUD-718. These obligating documents are also mailed or faxed to the CFO-AC in Ft. Worth.

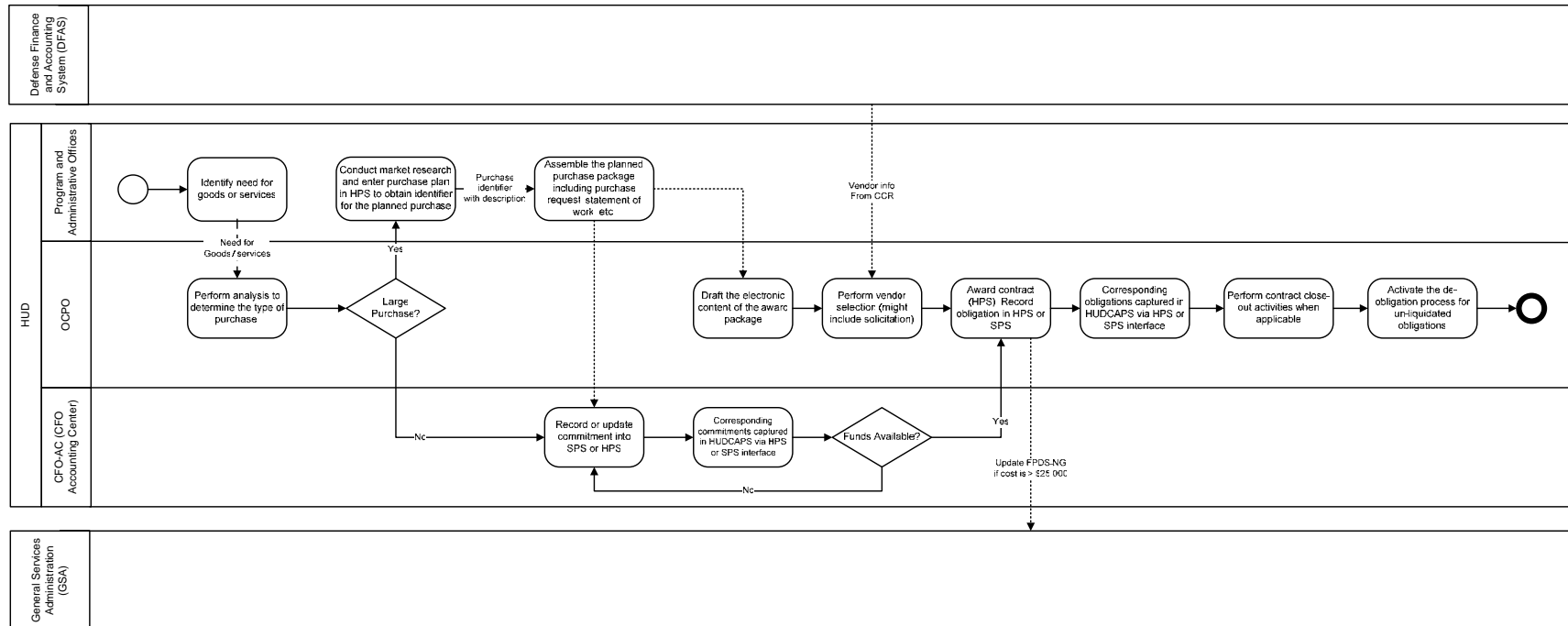
In the current HUD financial system this procurement process is divided into two levels, the HUD Procurement System (HPS) which records, monitors and reports on the status of all activities over \$100,000 and the Small Purchase System (SPS) which records, monitors and reports on the status of all activities up to \$100,000. These two systems automate the contract procurement and acquisition process for HUD. There is a direct interface between HPS and HUD Central Accounting and Program System (HUDCAPS), providing the ability to track the availability of funds.

Table 4-6 Execute Purchases Activity Steps

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed by	Frequency
The identifying of a need for goods or services.	1.	The identification of a need for goods or services (NOT Direct Pay – Type M1) is made by a program or administrative area office		Program and Administrative Offices	
	2.	Program and administrative offices recorded commitments into the HUD Procurement System using source documents <ul style="list-style-type: none"> Administrative Contracts & Interagency Agreements processed and recorded through HPS. Purchase Orders and orders against Federal Supply Schedules recorded through SPS. The office confirms funds availability.	Form HUD-718 Form HUD-730 Optional Form 347	Authorized HPS/SPS Users in the Program and Administrative Offices	As necessary
	3.	Reciprocal commitment transactions are automatically generated and processed into HUDCAPS as HPS Requisitions (RH Documents) and SPS Requisitions (RS Documents)	HPS On-line, Real-time Interface SPS On-line, Real-time Interface	CFO-AC	On-line real-time as entries are processed in HPS/SPS

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed by	Frequency
	4.	Evaluations are made as to the selection of a potential supplier or contractor.		Contracting Officer	
Agreement with a supplier or contractor	5.	Obligations are recorded into HPS and SPS based on procurement instrument and dollar amounts. Supplier/vendor payment information is recorded.	HPS, SPS Purchase Order, Interagency Agreement, Cooperative Agreement, or Grant Award	Authorized CPO Procurement Users	As necessary
	6.	Reciprocal obligation transactions are automatically generated and processed into HUDCAPS as HPS Miscellaneous Order (MH/MS document)	HPS On-line, Real-time Interface SPS On-line, Real-time Interface HUDCAPS	CFO-AC	On-line real-time as entries are processed in HPS/SPS

Diagram 4-5 Execute Purchases - HUD Administration



4.1.2.4 Manage De-obligations

The de-obligation (Prior-Year –Recoveries) process describes the activities by which upward/downward adjustments to previously recorded obligations are recorded in the current fiscal year. De-obligations are performed for various reasons and must be recorded when it is determined the obligation is no longer valid for the original purpose intended when the obligation was recorded. De-obligated funds may or may not be available for future obligations, depending on the specific appropriation language relevant to the source of funding. The aim of the de-obligation process is to ensure that HUD reports timely and accurate obligation information for the fiscal year.

The OCFO uses the Financial Data Mart in conjunction with Lotus Notes to facilitate a Department-wide obligation review. Obligation information (such as obligation number, amount, and last activity date) is collected into the Financial Data Mart. Open obligation reports are distributed (via Lotus Notes) to the appropriate allotment holders in a hierarchical manner thereby facilitating a manageable review process. The allotment holders access the FDM using a pass-code to review the open obligations and determine the appropriate course of action. The obligation can be adjusted by the allotment holder, adjusted by the CFO's office, or remain open and unchanged. The obligation disposition status is noted within FDM. Obligations that have been identified for adjustment by the allotment holder are tracked within the FDM to ensure that the de-obligation takes place. Reminders are generated and emailed to the allotment holder until the adjustment is recorded.

Section 8 Housing (project-based) and Public Housing (tenant-based) follow a slightly different process. These organizations meet on an annual basis. They review open obligations, determine contract expirations, and notify the OCFO of obligations requiring adjustment.

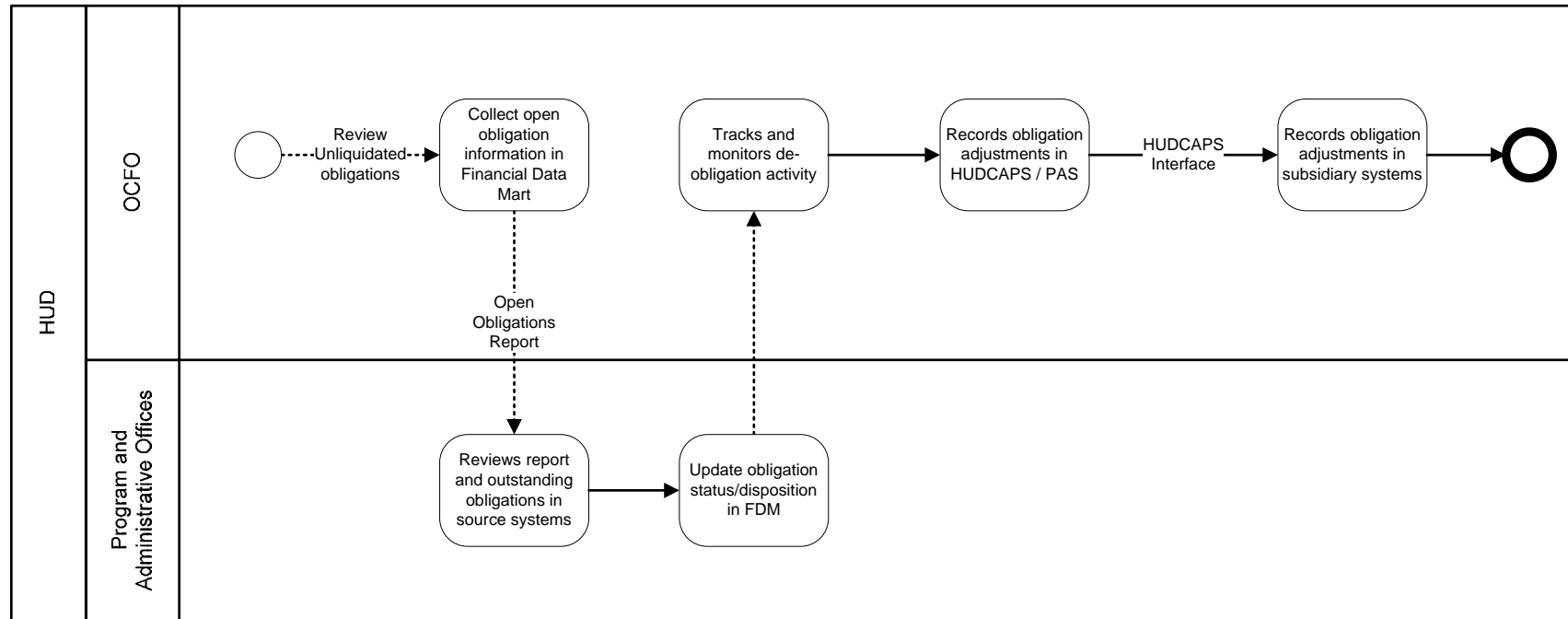
At the appropriate time, the obligation tracking module within the FDM is closed and the OCFO begins de-obligation activities on the obligations that have been marked for OCFO adjustment. Obligations that reside in PAS can be de-obligated automatically via an overnight process. Other obligations, such as contract obligations, are manually de-obligated. De-obligations are targeted for completion by the September 30 deadline.

Table 4-7 Manage De-obligations Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Required review of un-liquidated obligations	1.	The OCFO collects open obligation information in the Financial Data Mart for allotment holder review. The OCFO uses the information in FDM to generate an Open Obligations Report that is to be reviewed by the allotment holders in the Program and Administrative offices of the Department.	HUDCAPS PAS Financial Data Mart (FDM)	OCFO	Annually (for some departments, the de-obligation activities are performed throughout the year)
	2.	The allotment holders in the Program and Administrative	Open	Program and	

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		offices review and analyze the Open Obligations Report received via email and provide feedback to the OCFO indicating the status of obligations.	Obligations Report FDM	Administrative Offices	
	3.	In some cases, the obligations are valid and will remain unchanged. In other cases, there will be an indication that the obligation requires adjustment. The information provided to the OCFO office via FDM and will also indicate who should adjust the obligation (Program / Administrative office or OCFO).	FDM	Program and Administrative Offices	
	4.	The OCFO office monitors this de-obligation activity until approximately 90% of the de-obligation activity is completed. Periodic reminders are issued to the persons responsible for adjusting obligations until this threshold is met.	FDM	OCFO	
	5.	The OCFO receives and reviews the de-obligation justification feedback received from the allotment holders in the Program and Administrative Offices. Using the de-obligation justification, the OCFO closes the open obligation module in FDM and records obligation adjustments in HUDCAPS or PAS.	HUDCAPS PAS	OCFO	As needed
	6.	Depending on the obligation source, obligation adjustments may occur in HUDCAPS and subsequently update the originating obligations in source systems such HPS, SPS, and PAS.	HUDCAPS	OCFO, Program Managers	Annually

Diagram 4-6 Manage De-obligations - HUD Administration



4.1.2.5 Execute TDY Travel

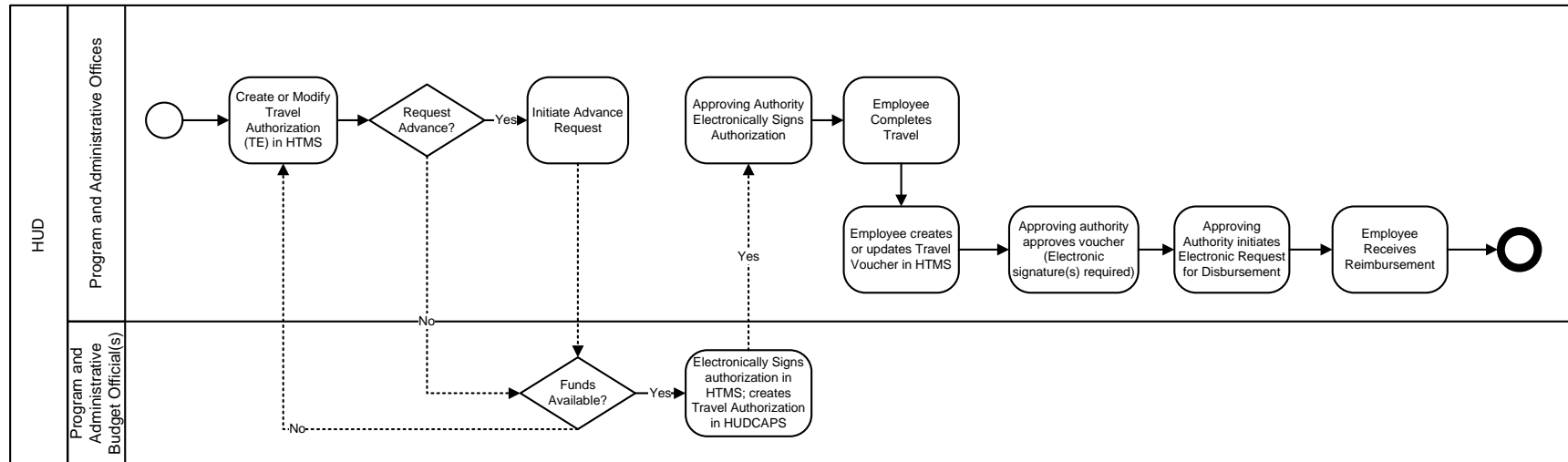
The TDY Travel process describes the activities performed to initiate, execute, and reimburse HUD travel authorizations. The HUD Travel Management System (HTMS/eTravel) provides a direct interface to HUDCAPS to create obligations. HTMS/eTravel provides users with the ability to enter a request for travel funds, request for reimbursement for local travel and travel vouchers into the system and have them automatically routed through the appropriate approval chain. HTMS/eTravel provides automated, real-time processing of all transactions (no paper documents are involved in this process). All signatures and approvals are performed using workflow technology. These online authorizations enable faster throughput of travel-related transactions. Once approved, the voucher information interfaces automatically into HUDCAPS and the obligation, reimbursement or payment is processed. Note: If the traveler incurs credit card charges, they are responsible for paying the credit card bill.

Table 4-8 Execute TDY Travel Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed by	Frequency
Travel is authorized	1.	Traveler(s) or travel preparer log on to HTMS/eTravel to create a travel authorization (TE) based on estimated costs.	HTMS/eTravel	Traveler or Travel Preparer (in Program and Administrative Office)	Per Trip
	2.	Travelers that do not have a credit card may request a travel advance. If a travel advance is requested, HTMS/eTravel calculates the appropriate advance amount based on a formula (limits have been established within HTMS/eTravel). Advances are issued to employees via EFT.	HTMS/eTravel	Traveler or Travel Preparer (in Program and Administrative Office)	
Traveler Signature	3.	HTMS/eTravel routes travel authorization and travel advance request to designated approving official(s). Approving official(s) reviews and signs travel authorization. HTMS/eTravel routes travel authorization to budget official.	HTMS/eTravel	Approving Official(s) (in Program and Administrative Office)	
Approving Official Signature	4.	Budget official(s) signs HTMS/eTravel travel authorization; online real-time interface to HUDCAPS creates travel authorization (travel order) and processes real-time in HUDCAPS.	HTMS/eTravel HUDCAPS	Program and Administrative Budget Official(s)	
	5.	HUDCAPS validates funds availability and either accepts or rejects	HUDCAPS		

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed by	Frequency
		the transactions. If funds are available, traveler can complete travel. If funds are not available, the budget official reviews and corrects error (error messages are reviewed and corrected in HTMS/eTravel by budget official).			
Travel has taken place	6.	Travel or travel preparer updates actual expenditures in HTMS/eTravel and adds any explanatory notations on the voucher. Traveler signs voucher electronically. Note: The travel preparer cannot sign the voucher. After signature, HTMS/eTravel automatically routes the voucher to the designated approving official(s).	HTMS/eTravel	Traveler or Travel Preparer (in Program and Administrative Office)	Per Trip
Traveler signs voucher	7.	Once the traveler electronically signs the travel voucher, HTMS/eTravel automatically routes the transaction to the approving official for additional electronic signatures. Vouchers from authorization may have one or more approving officials. If multiple approvers exist in the approval hierarchy, the voucher is forwarded to the applicable approver for signatures. The final approver will certify the voucher for payment.	HTMS/eTravel	Approval Chain (in Program and Administrative Office)	Per Trip
Final Approval has taken place	8.	Upon certification, HTMS/eTravel automatically references and liquidates obligation (and travel advance, if applicable) and interfaces travel voucher to HUDCAPS. HUDCAPS will verify funds availability (within tolerance) and send result back to certifier. If the voucher passes the validation, payment can be initiated. Otherwise, corrections are required.	HTMS/eTravel HUDCAPS	Final Approving Authority (in Program and Administrative Office)	Per Trip
HUDCAPS Approval	9.	Travel payments are included automatically in the daily HUDCAPS expenditure process.	HUDCAPS		Per Trip
	10.	Employee receives expense reimbursement.			

Diagram 4-7 Execute TDY Travel - HUD Administration



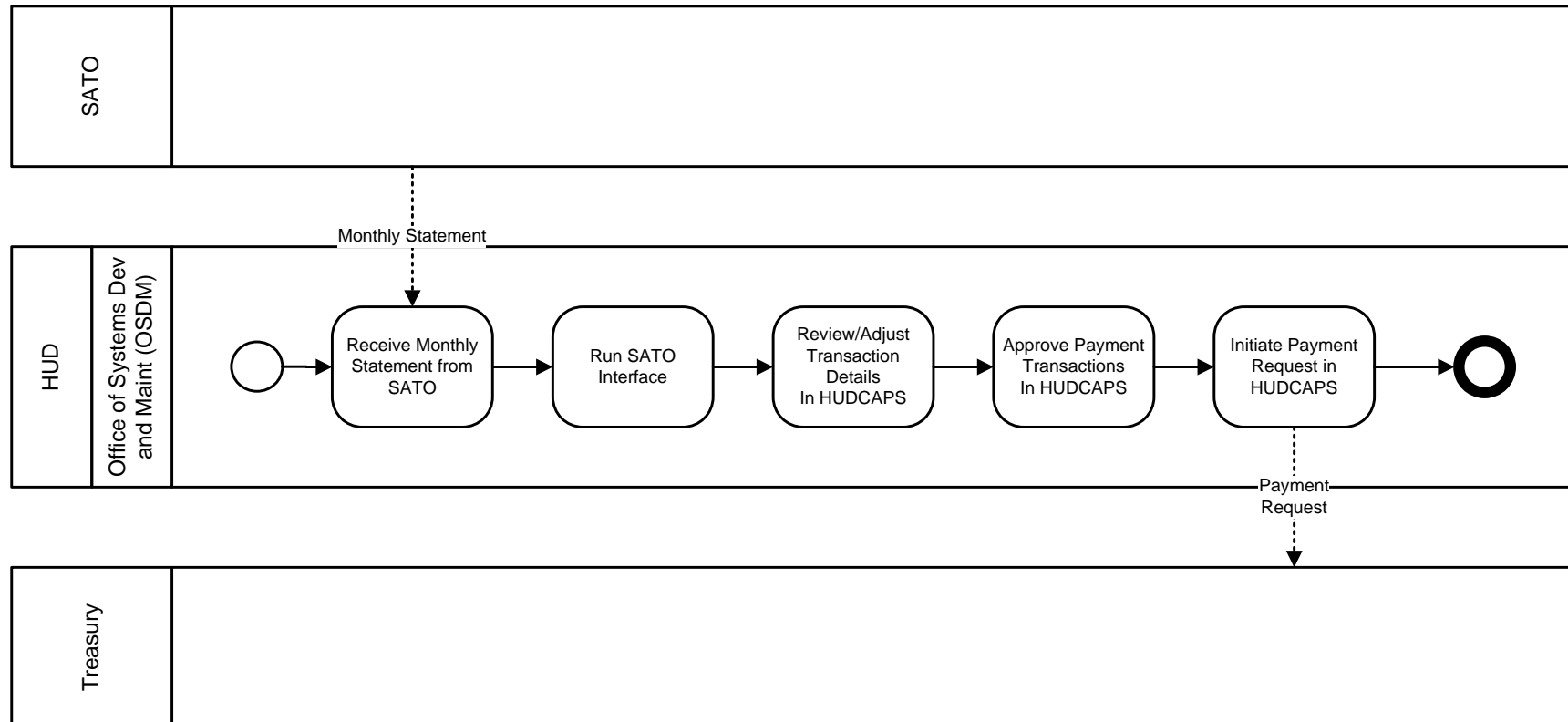
4.1.2.6 Manage Transportation (SATO)

This process describes the activities that are performed when the Scheduled Airline Traffic Office (SATO) is reimbursed for airline ticket purchases. Transportation and travel for HUD employees using common carriers (air, rail, bus, etc) are made by the SATO, HUD's travel purchase agent. The fares are charged to HUD's bank centrally-billed travel credit card. SATO sends a monthly transaction file to HUD monthly which is compared against the credit card statement to ensure accuracy and proper payment. Once the SATO transaction file has been reconciled it is uploaded into HUDCAPS by the Office of the Chief Financial Officer (OCFO).

Table 4-9 Manage Transportation (SATO) Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed by	Frequency
SATO transaction file sent	1.	HUD receives a transaction disk from SATO containing invoices and credit memos from the credit card company.	SATO transaction file HUDCAPS	SATO	Monthly
SATO file is uploaded	2.	An Authorized Headquarters user accesses the appropriate record on the Travel Payment Line Table (TRPL) once the SATO interface file has been run.	SATO transaction file HUDCAPS	Office of Systems Development and Maintenance (OSDM)	Monthly
SATO file is uploaded	3.	The user performs a change action on the existing record to make adjustments to the line amounts and verifies the Budget Fiscal Year and Fund data.	SATO transaction file HUDCAPS	OSDM	Monthly
Invoice Approved Amount equals the Total Fund amount.	4.	The user approves the payment by accessing the appropriate record on the Travel Payment Header Table (TRPH) and set the Approved for Payment indicator to A (approved). Expenses are paid out of a central account (funding source). During the reconciliation process, the expenditures are cleared from the central account and charged to the funding sources supplied on the detail line.	SATO transaction file HUDCAPS	OSDM	Monthly
Record is approved	5.	An off-line document generation program will generate a payment document (PS) to the credit card company.	HUDCAPS	OSDM	Monthly
Record is approved in HUDCAPS	6.	In HUDCAPS the SATO approved payment document and other approved payment documents are identified for payment and processed to Treasury for payment.	HUDCAPS	CFO-AC	Daily

Diagram 4-8 Manage Transportation (SATO) - HUD Administration



4.1.2.7 Manage Relocation

CFO Accounting Center (Ft. Worth) (CFO-AC) is responsible for recording obligations and generating payments associated with relocation benefits for eligible HUD employees. Relocation Vouchers (RL) generate payments to relocated employees. RL documents are processed to reimburse employees for travel, transporting household goods, temporary housing, car rental, other miscellaneous services and tax liabilities related to funds received for relocation. Payments to third parties, such as of household goods carriers, generate payment documents (TP) to vendors for shipment and storage of household goods and closing costs paid by contractor (OIG employees only).

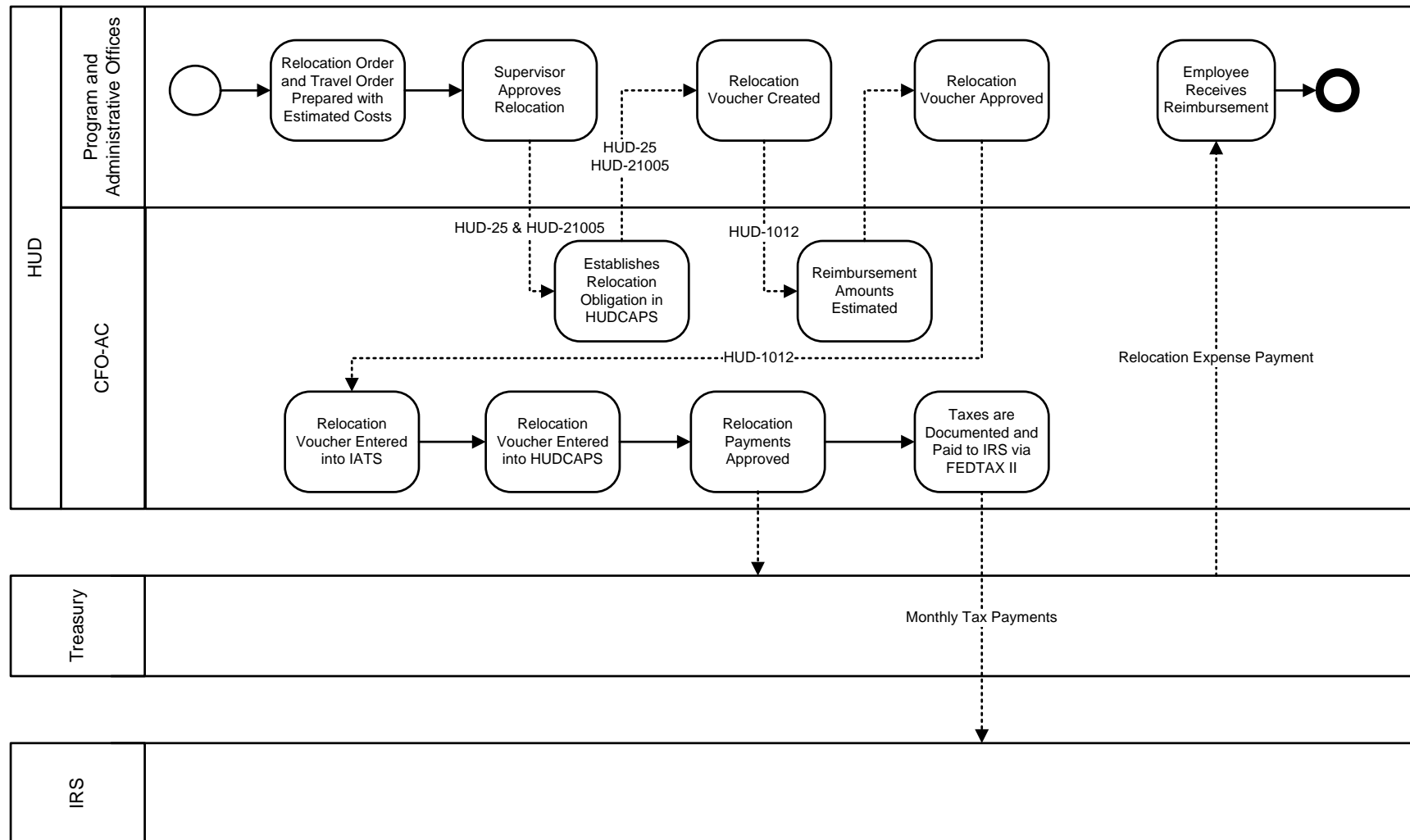
The Integrated Automated Travel System (IATS) is an independent system used to calculate federal, FICA and Medicare taxes. These taxes are withheld from each voucher. The calculated payment and tax amounts are then recorded in HUDCAPS. The taxes recorded in HUDCAPS as being collected from the employee's payments are then paid to IRS on a monthly basis. Taxes are paid using the FEDTAX II system and then recorded in HUDCAPS using a Federal Tax (FT) document.

Table 4-10 Manage Relocation Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed by	Frequency
Relocation	1.	Relocation Orders are prepared. Estimated costs are computed manually. Relocation data is recorded on a HUD-25 and HUD-21005 and forwarded for approval	Questionnaire NRC Staff	Program and Administrative Offices	Per Move
	2.	Supervisor approves relocation.		Program and Administrative Offices	Per Move
	3.	A relocation obligation (TX) is created from an approved HUD-25 and HUD-21005 in HUDCAPS.	HUD-25 HUD-21005 HUDCAPS	CFO-AC	Per Move
	4.	A Relocation Voucher is created in the Program and Administrative office and subsequently submitted to CFO-AC.	HUD-1012 NRC Staff	Program and Administrative Offices	Per Voucher Received
	5.	The CFO-AC audits the voucher. Manual calculations are done to determine the reimbursement amount.		CFO-AC	Per Move
	6.	Relocation Voucher is reviewed by Supervisor for accuracy and approved with Signature on voucher.	SF-1012 Branch Chief	CFO-AC	Per Voucher Processed
	7.	Relocation Voucher is entered into IATS and printout with	SF-1012	CFO-AC	Per Voucher

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed by	Frequency
		computed holding taxes is produced.	IATS		Processed
	8.	Worksheet is completed to summarize reimbursement and tax amounts to be recorded in HUDCAPS.	IATS Print Out Excel worksheet	CFO-AC	Per Voucher Processed
	9.	A Relocation Voucher (RL) is processed and funded from a previously existing reference obligation, generating a payment to the employee and recoding the taxes withheld from the employee's reimbursement.	SF-1012 HUDCAPS	CFO-AC	Per Voucher Processed
	10.	<p>The Relocation Vouchers and Bills of Lading are verified to be correct in HUDCAPS and approved for payment to generate the transfer of funds by Treasury to:</p> <ul style="list-style-type: none"> the employee's bank account the moving company's bank account the IRS via FEDTAX II (taxes previously collected) <p>A Transportation Payment (TP) document is processed and funded from a previously existing reference obligation.</p>	SF-1012 HUDCAPS IATS Bill of Lading Excel Report FEDTAX II	CFO-AC	Per Voucher Processed
	11.	Taxes previously collected from employee's reimbursement is broken down by year, fund, and type of tax A Federal Tax (FT) document is processed to record the monthly taxes paid via FEDTAX II	Excel Report FEDTAX II	CFO-AC	Monthly

Diagram 4-9 Manage Relocation - HUD Administration



4.1.3 Accounts Payable (Expenditures) Management

4.1.3.1 Execute Payments

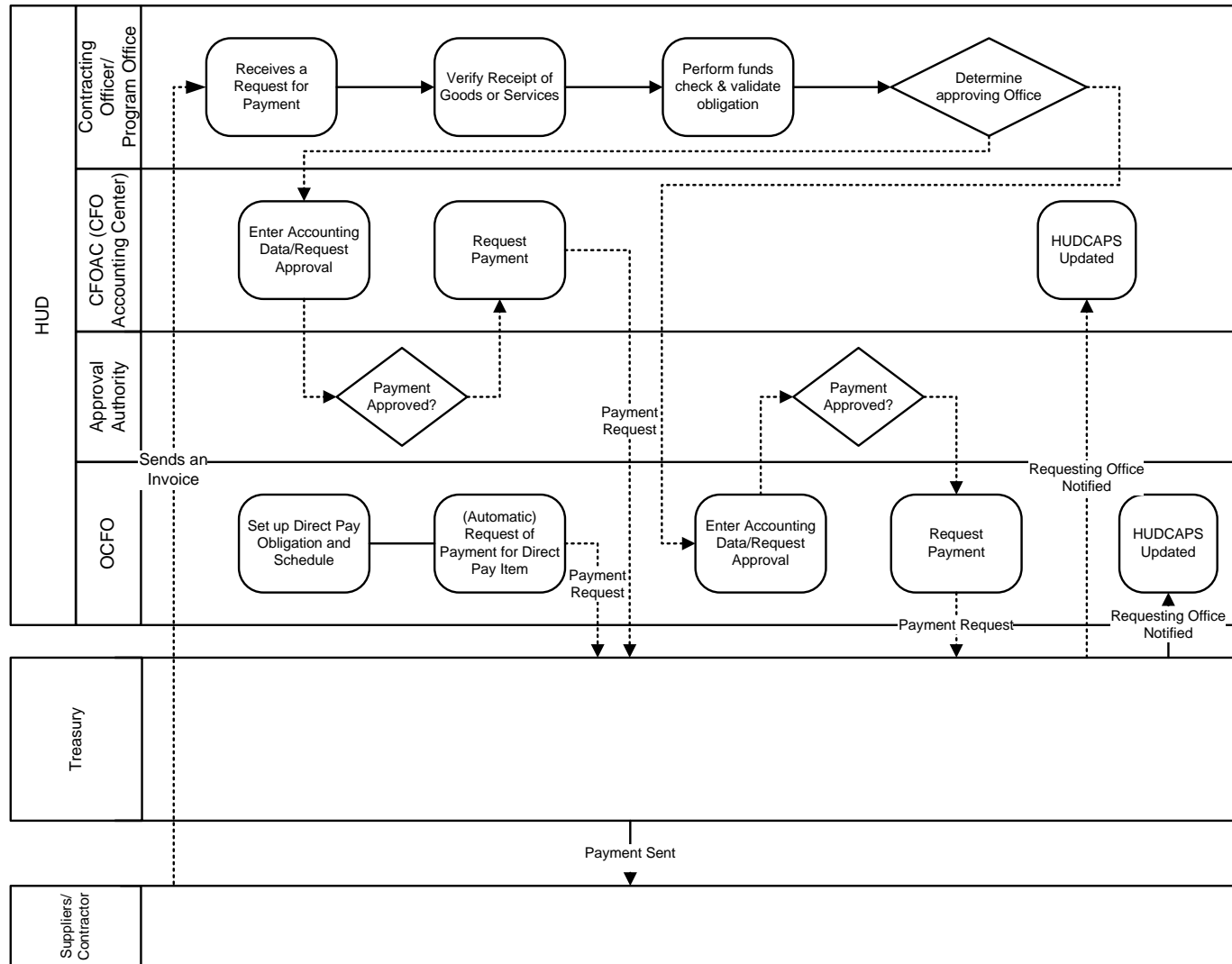
This process explains the activities that are performed to execute payments once a payment request has been initiated. Expenditure is defined as a disbursement or payment of funds from an approved appropriation or budgetary resource. A request for payment should properly reference an established obligation. Individuals responsible for approval of the expenditure must ensure that the goods or services have been received and that a payment will not exceed authorized funds. The payment process is carried out using HUDCAPS. The invoices or vouchers marked for payment are processed and batched. Payments that are subject to the Prompt Pay Act are processed in accordance with prompt payment regulations. HUD warehouses payments prior to sending to Treasury. After approval of the expenditure request, HUD transmits the disbursement requests to Treasury FMS for processing. Treasury issues payments in the form of paper check, EFT (via ACH), or FEDWIRE within 48 hours. Disbursement requests that could not be processed are returned to HUD for review and possible correction.

Treasury posts an electronic file confirming payment of the approved schedule in GOALS. HUD personnel download confirmation data from GOALS.

Table 4-11 Execute Payments Activity Steps

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed by	Frequency
Invoice or voucher	1.	Receipt of invoice/statement/Voucher Request	HUD Form 27045/ HUDCAP-bankcard Transaction disk	GTR/GTM	
	2.	Verification/validation: Funds check, previously established obligation; compliance with contract/agreement. Move to appropriate payment venue.	HUDCAPS	GTR/GTM	
	3.	Invoice/statement/Voucher Requests such as: <ul style="list-style-type: none"> • Bankcard • 3rd Party Contractors • Vendor invoices or approved vouchers/request are entered <ul style="list-style-type: none"> • Wages, salaries, retirement benefits 	HUD Form 27045/ HUDCAP-bankcard Transaction disk/ HUDCAPS IPAC SATO/HTMS/eTravel	OCFO	As necessary

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed by	Frequency
		<ul style="list-style-type: none"> • Inter-governmental agency payments • Travel • Vendor/Contractor invoices 			
	4.	Invoice/statement/Voucher Request <ul style="list-style-type: none"> • Bankcard • 3rd Party Contractors • Vendor invoices • SATO (tickets for travel) • Relocation Or Notification of approval (Certification by Certifying Officer) to pay is sent to Treasury	HUD Form 27045/ HUDCAP-bankcard Transaction disk/ SF-1166 HUDCAPS	CFO-AC	As necessary
	5.	Treasury receives and pays the request.	Automated Process: SF-1166, SF-1164	Treasury	
	6.	Treasury returns a notification of payment to HUDCAPS. OCFO and CFO-AC manually record treasury confirmation in HUDCAPS.	HUDCAPS	OCFO and CFO-AC	



4.1.3.2 Maintain Vendor/Customer Information

Vendor maintenance is an adjunct activity to both purchasing and expenditures. This process describes the activities associated with adding, changing, and maintaining vendor records. It may also take place purely as a result of external actions. During the purchasing process, vendors are identified as the source for goods and services. All information related to vendors should be current and accurate. If not, vendor maintenance must be performed. Similarly, the expenditure process usually involves the payment of vendors. All information related to vendors should be current and accurate. If not, vendor maintenance must be performed. When payments are returned to Treasury due to erroneous payment information, vendor maintenance must be performed. And, when vendors notify HUD of changes in location, banking arrangements, or other payment particulars, vendor maintenance must be performed. Vendor Maintenance is performed using separate views for employee records and commercial vendor records.

HUD currently maintains multiple vendor files within the various business areas (i.e., OCFO, FHA, Ginnie Mae, and OFHEO). This section addresses vendor maintenance activities performed by the OCFO HUD Administration area. HUD tracks and maintains a history of changes to the vendor file, including vendor additions and updates to vendor specific information such as payment address, bank account and routing information, and payment type. Vendors can only be deleted if no processing has occurred. It is also possible to deactivate a vendor. These vendor maintenance activities are necessary to ensure that payments are made to the correct supplier in a timely fashion. In addition, this supports historical vendor information by providing an audit trail of payments made to the vendor.

The CFO Accounting Center (CFO-AC) in Fort Worth updates vendor information in HUDCAPS. They are the only organization in HUD that does so. However, other HUD organizations that have closer contact with vendors and suppliers may work with CFO-AC to obtain current information.

HUD is in the process of using the Central Contractor Registration (CCR) database as the preferred source of vendor information. The CCR is part of the Business Partner Network (BPN). BPN is a component of the Integrated Acquisition Environment (IAE). IAE supports a network of systems that provide information relating to trading partners, vendors, government sellers and grantees. The CCR uses the vendor's DUNS+4 identification number as one of the keys to the database. The CCR validates the DUNS+4 at registration and upon any vendor update to ensure that the number exists and that is not a duplicate registration.

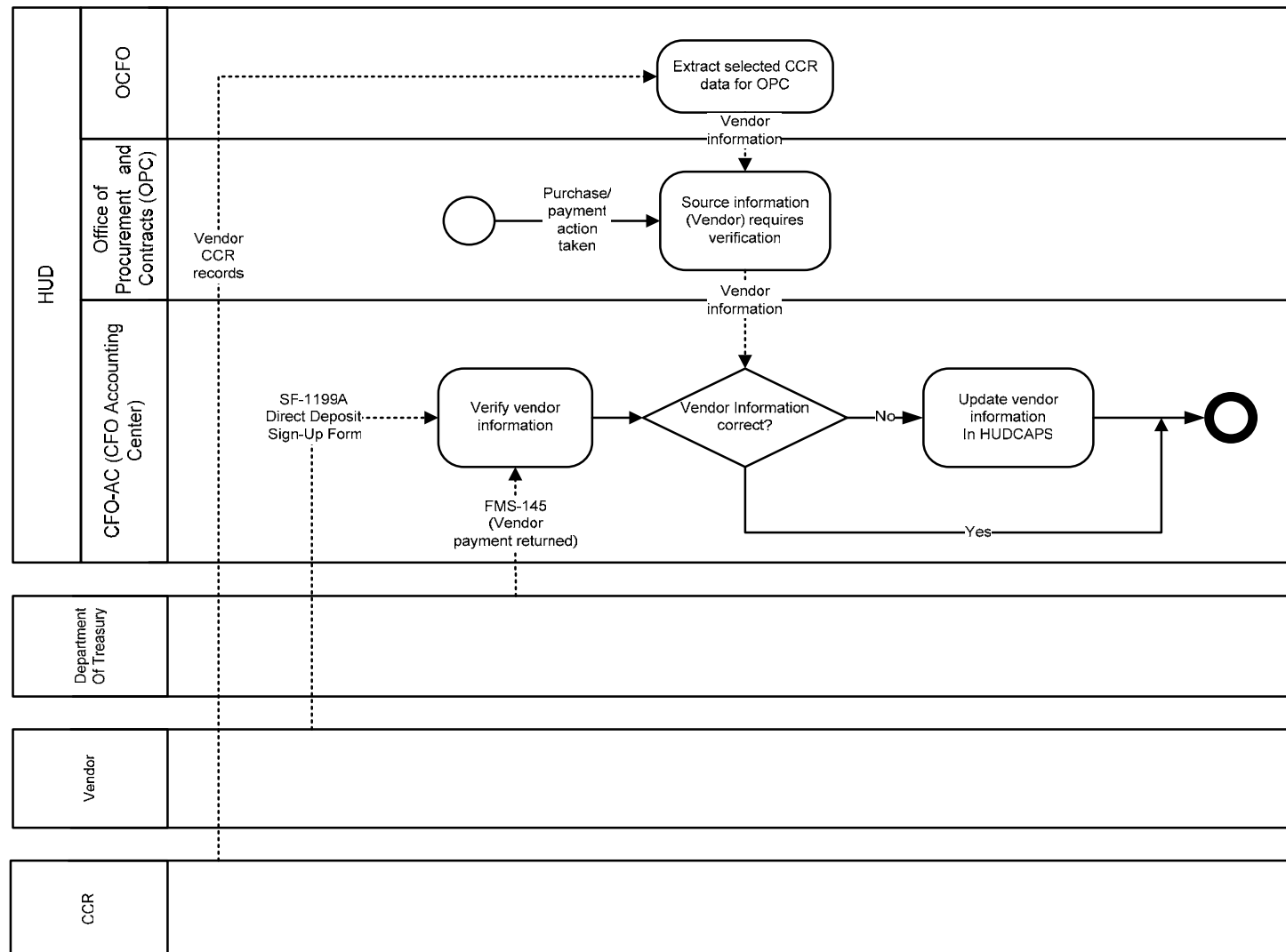
HUD maintains daily updates of the CCR database in the Financial Data Mart. In addition to procurement information, CCR contains EFT information that facilitates the generation of electronic vendor payments. The OCFO provides different views of CCR data to various HUD organizations to support procurement and payment functions. For example, the OCFO receives a view of the CCR data that can be used to validate procurement information of a vendor prior to awarding a contract. The OCFO office generates reports that are used to reconcile CCR EFT information against the vendor EFT information that resides in HUD's vendor file(s). Discrepancies in banking information are reviewed and

adjusted in the HUD vendor file if necessary. This reconciliation helps ensure that vendor payments are generated using the correct banking information.

Table 4-12 Maintain Vendor/Customer Activity Steps

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Purchase action	1.	Purchase request is prepared. Vendor information to be verified by reviewing the Central Contractor Registration database information that was downloaded to ensure that the vendor is registered. If not, check waiver information to see if the vendor has a waiver. Waivers may be given for one-time payments or extenuating circumstances.	CCR	Office of Procurement and Contracts (OPC)	Per Action
Payment action	2.	A payment request is prepared. Vendor information to be verified by reviewing the Central Contractor Registration database information that was downloaded to ensure that the vendor is registered. If not, check waiver information to see if the vendor has a waiver. Waivers may be given for one-time payments or extenuating circumstances.	CCR	Office of Procurement and Contracts (OPC)	Per Action
Vendor Information Changes	3.	Vendor prepares and submits a change notice using the Direct Deposit Sign-Up Form (SF-1199A). Vendor changes CCR information by use of the Internet and CCR TPIN (access code). New vendors will be tested using a zero dollar test with Treasury for EFT additions/changes to ensure data accuracy.	SF-1199A	CFO-AC	Per Action
Vendor payment is returned	4.	An FMS-145 is prepared by Treasury and sent to HUD	GOALS	Treasury	Per Action
	5.	Vendor information is retrieved and verified (see Steps 1 and 2 above).	HUDCAPS	CFO-AC	
	6.	Vendor information is corrected, as needed (See Step 3 above).	HUDCAPS	CFO-AC	

Diagram 4-11 Maintain Vendor/Customer – HUD Administration



4.1.3.3 Generate IRS Form 1099s

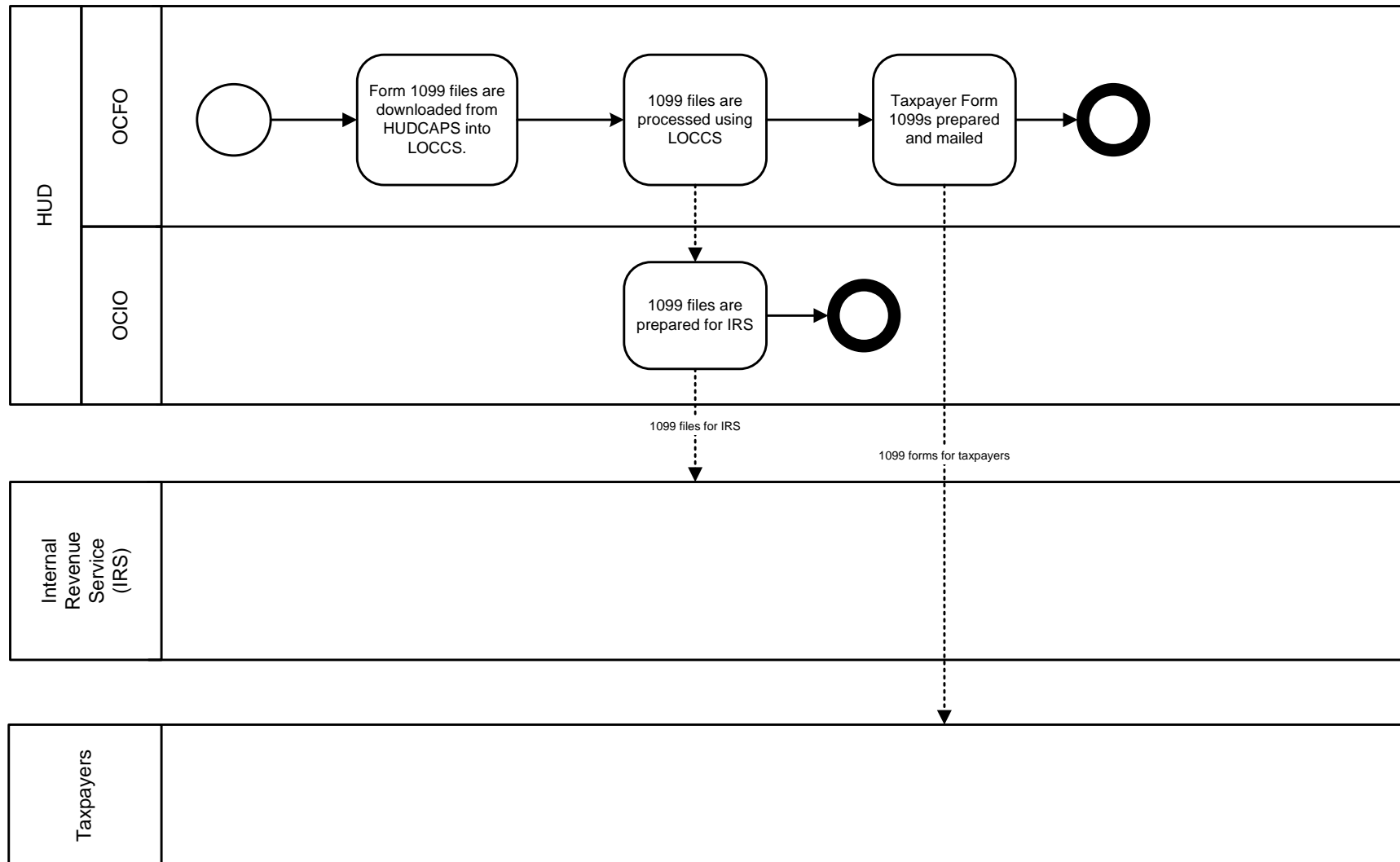
The Internal Revenue Service requires any entity which generates actual or implied income to file Form 1099. There are a multitude of income types and many different actual forms that are included under the Form 1099 umbrella. All 1099s are sent to taxpayers and the Internal Revenue Service. Form 1099 notifies taxpayers of additional monies that should be included as income with their personal income taxes.

HUD handles 1099 processing within the OCFO. The miscellaneous income information for 1099 processing is downloaded from HUDCAPS into a LOCCS file. The OCFO then uses LOCCS to prepare two Form 1099 files; one for the IRS and one for taxpayer. The IRS file is handled by OCIO. The taxpayer 1099s are prepared and mailed by a Contractor.

Table 4-13 Generate IRS Form 1099

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Year-end close completed	1.	Form 1099 files are downloaded from HUDCAPS into LOCCS.	HUDCAPS, LOCCS	OCFO	Annually
	2.	The OCFO prepares 1099 files for processing using LOCCS.	LOCCS	OCFO	Upon receipt of HUDCAPS file
No later than January 31 st	3.	The OCIO prepares 1099s and delivers this information to the IRS.		OCIO	Upon receipt of LOCCS file
No later than January 31 st	4.	The OCFO prepares and mails 1099 information to the Taxpayer Form 1099s prepared and mailed	Contractor	OCFO	Upon receipt of LOCCS file

Diagram 4-12 Generate Form 1099 – HUD Administration



4.1.4 Accounts Receivable

Accounts Receivable transactions for the HUD Administrative business area are processed in the Fort Worth Regional Office. Fort Worth uses a custom MS-Access database application to track administrative receivables. These receivables include:

- Vendor overpayments
- Account errors resulting in under-billing of amounts due to HUD
- HUD Accounting Center travel and relocation receivables issues

Salary discrepancies are handled within the payroll system.

The receivables listed above are also entered into HUDCAPS which produces billing documents and monthly dunning letters. HUDCAPS calculates interest, penalties and administrative charges due, a capability not available in the MS Access application.

All cash receipts are forwarded to Accounting in Fort Worth. These receipts are recorded in the MS Access application and also in HUDCAPS. The receipt is applied against the receivable, thereby reducing the receivable balance.

Collection activities are continuously carried out by Fort Worth A/R Staff. When the staff has exhausted all avenues of collection, outstanding debts are sent to HUD Headquarters Service Center, which has more extensive collection facilities. All debts that are (1) over 180 days overdue and (2) deemed to be legally collectable are forwarded to the Treasury's FMS for Government debt collection. If a debt is judged to be legally uncollectible by HUD Headquarters A/R staff, the debt is written off by OCFO.

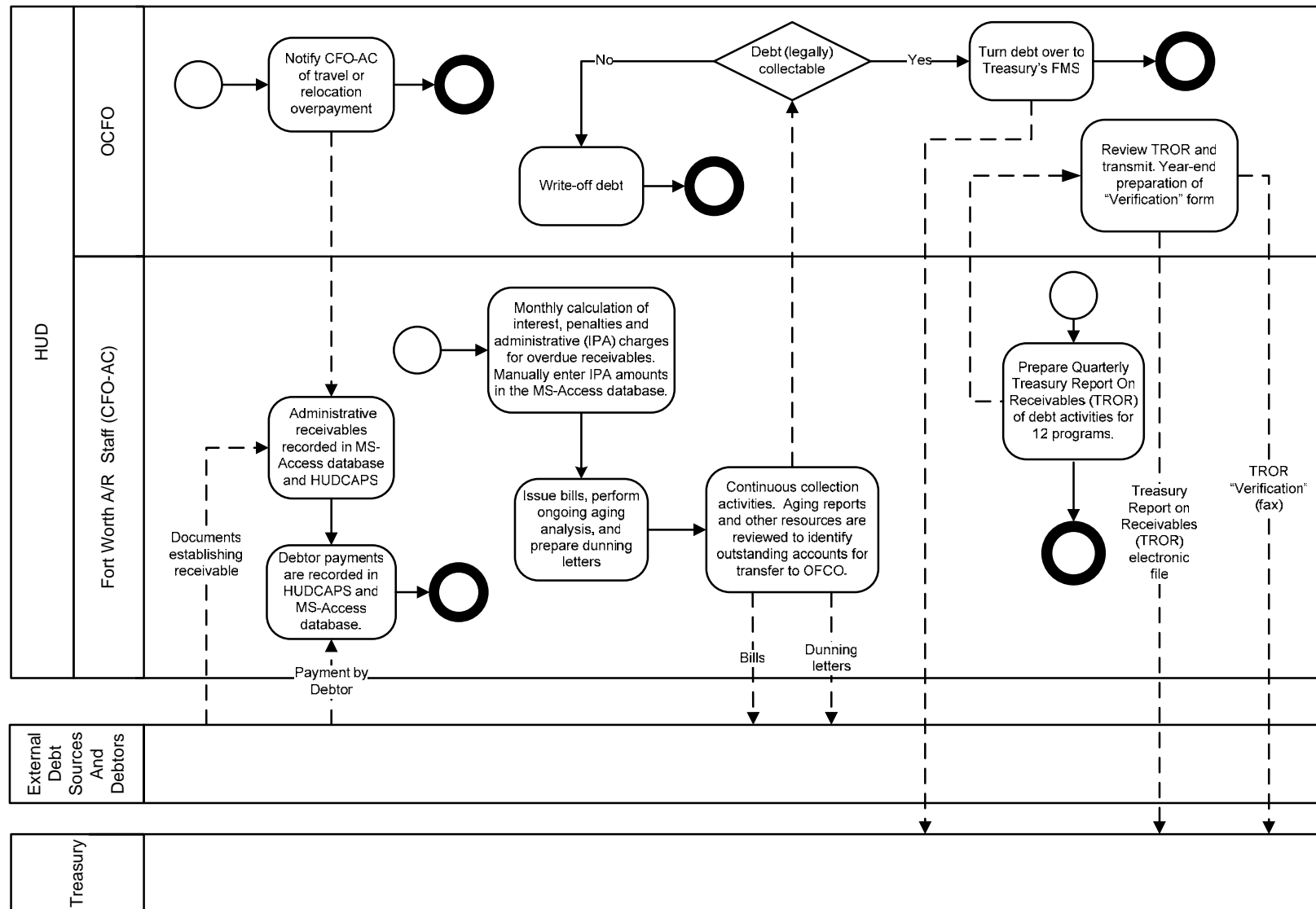
Accounting staff at Fort Worth prepares the Treasury Report on Receivables (TROR) to report debt activities for 12 programs. This quarterly report is forwarded to OCFO, Headquarters, who prepares and submits the electronic TROR Report to Treasury. The 4th quarter (year-end) "Verification" form is signed by the CFO and faxed to Treasury concurrent with the TROR submission.

Table 4-14 Manage Accounts Receivable Activity Steps

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Fort Worth receives A/R establishment document	1.	CFO-AC establishes receivables in the MS-Access database for: <ul style="list-style-type: none"> • Vendor overpayments • Account errors resulting in under-billing of amounts due to HUD 	HUD Accounting Center, OIG Audits	CFO-AC	Upon receipt of documents

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Fort Worth receives OCFO notice	2.	CFO-AC records money due HUD from employees in the MS-Access database based on HUD Accounting Center travel and relocation receivables issues.	HUD Accounting Center	CFO-AC	Upon receipt of documents
	3.	CFO-AC posts receivables to HUDCAPS (based on MS-Access).	MS-Access DBMS	CFO-AC	Upon receipt of documents
Monthly process run	4.	CFO-AC reviews HUDCAPS calculations of interest, penalties and administrative (IPA) charges for overdue receivables. CFO-AC manually enters the IPA amounts in the MS-Access database.	HUDCAPS, MS-Access DBMS	CFO-AC	Monthly
	5.	CFO-AC issues bills, performs ongoing aging analysis, and prepares dunning letters.	HUDCAPS	CFO-AC	
Payment received	6.	Debtor payments are recorded by CFO-AC in HUDCAPS and MS-Access database. These payments are recorded as cash receipts in HUDCAPS and reduce the outstanding balance of customer receivables.	HUDCAPS, MS-Access DBMS	CFO-AC	Upon receipt
	7.	CFO-AC performs continuous collection activities. Aging reports and other resources are reviewed to identify outstanding accounts for transfer to OFCO.	Fort Worth A/R staff	CFO-AC	Monthly
Uncollectible accounts	8.	HUD Headquarters A/R staff reviews debtor records forwarded from CFO-AC. If a debt is judged to be legally uncollectible by HUD Headquarters A/R staff, the debt is written off by OCFO.	HUDCAPS	OCFO	Ongoing
Legally collectable debt	9.	All debts that are (1) over 180 days overdue and (2) deemed to be legally collectable are forwarded to the Treasury's FMS for Government debt collection	HUDCAPS, FMS	OCFO	
Quarterly	10.	Staff accountant at Fort Worth prepares Treasury Report On Receivables (TROR) to report debt activities for 12 programs.	Treasury Report On Receivables (TROR)	CFO-AC	Quarterly
Quarterly	11.	OCFO receives TROR Report from CFO-AC for review and electronic transmittal to Treasury. "Verification" form is prepared and signed by the CFO and faxed to Treasury concurrent with the 4 th quarter (year-end) TROR submission.	Treasury Report On Receivables (TROR)	OCFO	

Diagram 4-13 Manage Accounts Receivable – HUD Administration



4.1.5 Asset Management

4.1.5.1 Acquire Personal Property

Personal Property Management is the process by which all purchases of furniture and equipment are identified and tracked throughout HUD. This tracking includes the acquisition (purchase price, transportation, installation and related costs of placing the item into service), disposal, transfer and adjustments of personal property. The Chief, Property and Supply Branch, serve as The Departmental Property Management Officer (DPMO), and produce reports and distribute them to the Office of the Chief Financial Officer (OCFO) for accounting verification and reconciliation. All personal property purchases valued at \$500.00 or more are bar coded and entered into the Furniture and Equipment Management Information System (FEMIS). FEMIS uses two sub-systems, one for furniture and another for equipment. The Office of Procurement and Contracts (OPC) is responsible for assisting and/or informing the DPMO regarding the procurement of personal property.

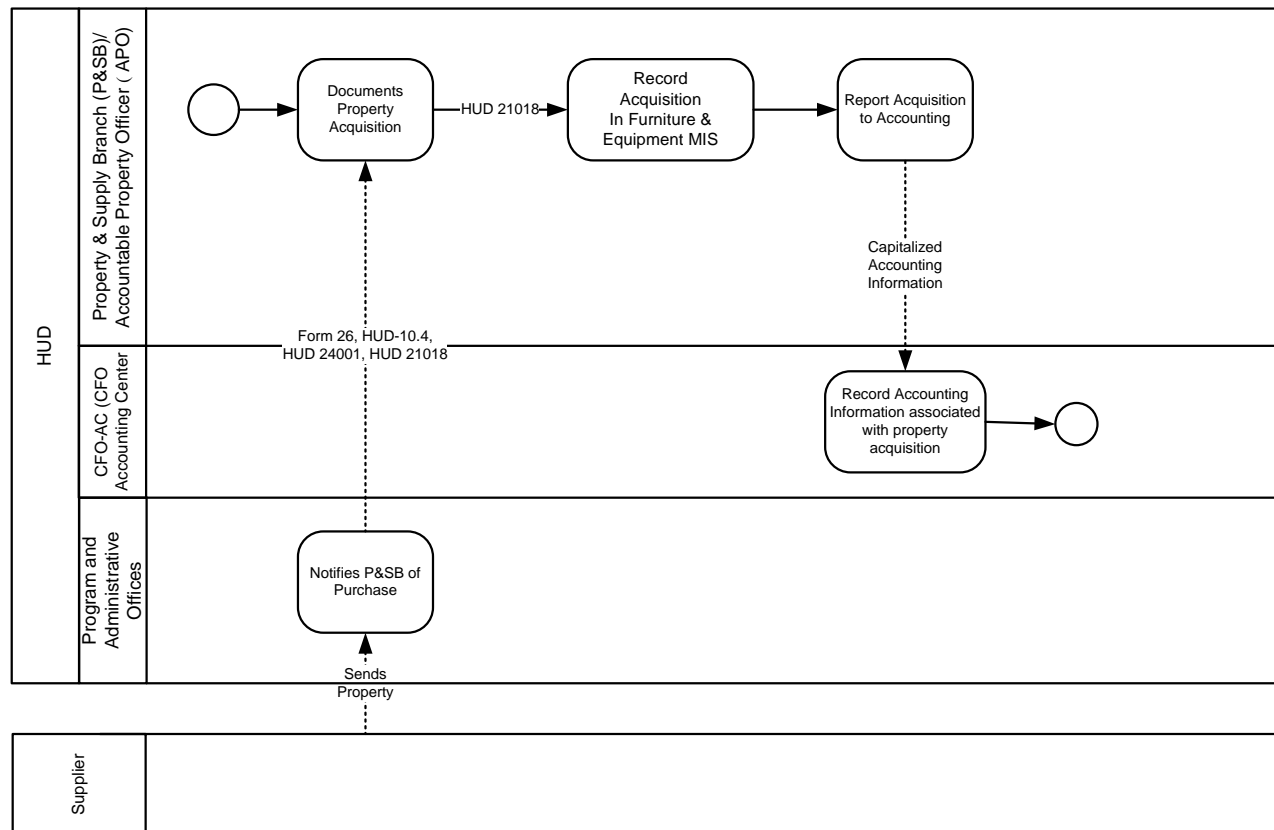
The Department must fulfill all of its personal property needs through the use of HUD owned or government-owned furniture and equipment. Acquisition of new furniture, computer equipment, or office machines is authorized only when staffing levels increase, program efficiency may be impaired, occupancy reduction in office space may be accomplished through downsized furnishings, or the Accountable Property Officer determines that the damaged items are not economically repairable. If property requirements cannot be fulfilled through stock, Headquarters Administrative Officers, Field Office Administrative Resource Division, and/or their designees, determine methods of acquisition in accordance with federal property management regulations and Federal Acquisition Regulations (FAR).

Table 4-15 Acquire Personal Property Activity Steps

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Purchase personal property	1.	After acquiring personal property send information in the obligating documents (for \$500.00 or more) to the Property and Supply Branch (P&SB).	Form 26, HUD 10.4, HUD 24001	Purchaser or OPC or DPMO	Upon purchase
	2.	In headquarters the Property and Supply Branch (P&SB) prepare documents, HUD 21018, reporting property transactions. In Regional and Field offices Accountable Property Officers (APO) prepare documents, HUD 21018, reporting property transactions.	HUD 21018	P&SB or APO	As they occur

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Receipt of HUD 21018	3.	Property Officers record transaction data into the Furniture and Equipment Management Information System (FEMIS).	HUD-21018, FEMIS	PS&B	Bi-weekly
Reporting requirements	4.	Reports are generated for inventory control reconciliation.	FEMIS	PS&B	Bi-weekly
	5.	Information is transferred to CFO-AC for accounting.	HUDCAPS	CFO-AC	Quarterly

Diagram 4-14 Acquire Personal Property – HUD Administration



4.1.5.2 Personal Property Disposition

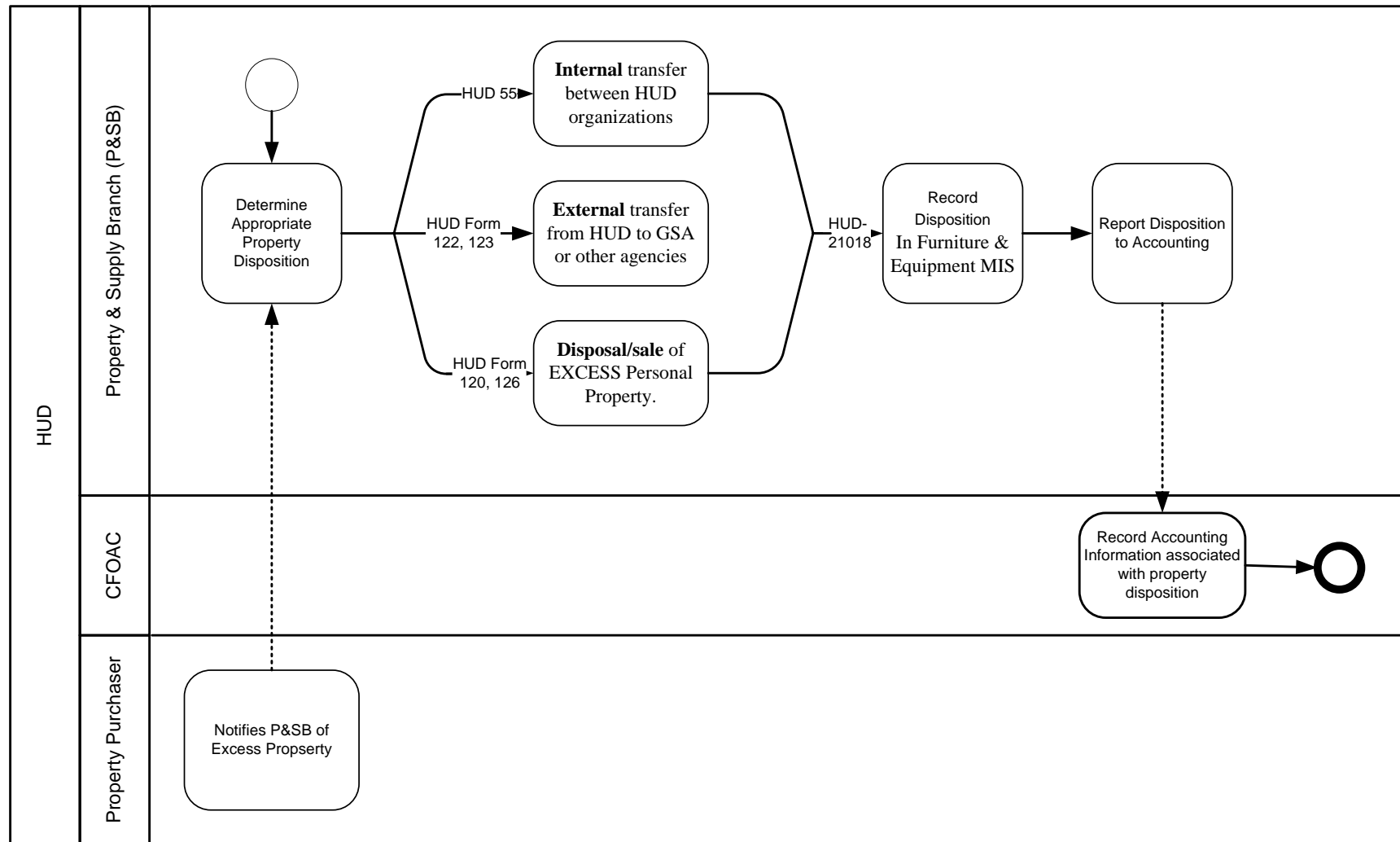
Personal Property Management is the process by which all purchases of furniture and equipment are identified and tracked throughout HUD. This tracking includes the acquisition (purchase price, transportation, installation and related costs of placing the item into service), disposal, transfer and adjustments of personal property. The Chief, Property and Supply Branch, serve as The Departmental Property Management Officer (DPMO), and produce reports and distribute them to the Office of the Chief Financial Officer (OCFO) for accounting verification and reconciliation.

The APO has the responsibility of managing Personal Property either owned or in the possession of HUD. The APO is responsible for identifying property that is either excess or disposable. Disposable or excess properties can be transferred between Headquarters, Field Offices, Government Services Agency (GSA) and other agencies. Once a piece of property has been identified for disposal the supporting documentation is created, entries are recorded in the property management system, FEMIS and then the documentation is forwarded to accounting.

Table 4-16 Dispose of Personal Property Activity Steps

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Personal Property identified as excess	1.	Internal transfer of Personal Property between HUD organizations, Headquarters and Regional Offices.	HUD 55 HUD 21018	APO	Personal Property identified as excess
Personal Property identified as excess	2.	External Transfers of Personal Property between HUD Organizations, GSA and other agencies.	Form 122 FORM 123 HUD 21018	APO	Personal Property identified as excess
Personal Property identified as excess	3.	Disposal of Personal Property: Excess to the needs of the Department. Personal Property for sale.	Form 120 Form 126 HUD 21018	APO	Personal Property identified as excess
	4.	Entries are recorded in FEMIS.	FEMIS HUD 21018	APO	
	5.	Information is recorded in HUDCAPS	FEMIS HUDCAPS	APO	

Diagram 4-15 Dispose of Personal Property – HUD Administration



4.1.6 Cost Management

4.1.6.1 Administer Working Capital Fund

This process describes how the Working Capital Fund provides funding for all HUD Information Technology (IT) or IT-related projects. Costs associated with these IT initiatives are categorized as direct or indirect costs. IT staff working on specific IT projects incur direct costs. Overhead costs (e.g., hardware, software, supplies, travel, payroll, utilities) are indirect costs. All IT costs are assigned to projects.

The Department identifies information technology (IT) projects and prepares budget estimates for resource amounts that will be needed to fund these projects. Funding for the WCF comprises a combination of direct appropriations (multi-year), reimbursable authority from HUD's program appropriations for specific maintenance and new system development tasks, and carryover amounts that are available from prior fiscal years. Funding is also available from revenue collected by way of interagency agreements between HUD and external agencies (e.g., the Departments of Agriculture, Veterans Administration, and Small Business Administration). For instance, HUD provides access to its Credit Alert Interactive Voice Response System (CAIVRS) to other federal agencies to prescreen applicants for loans or loans guaranteed by the federal government to determine credit worthiness. HUD provides access to these agencies for a fee and recognizes revenue through the IPAC billing and collection process.

Once the budget is approved, anticipated resources are recorded and distributed using the SF-132 and Status of Funds Report. The SF-132 is the Department's request to OMB to apportion funds for the fiscal year. The SF-132 has to be approved by OMB and then is processed in HUD's financial system. WCF authority is apportioned (SF-132) and allotted (HUD-158). Salaries and expenses and system maintenance costs are allocated and paid out of the first year of the multi-year appropriation. Research and maintenance activities come out of either current year reimbursable authority or carryover funds.

Immediately following the funds distribution, reimbursable orders (also referred to as customer agreements) are recorded to establish customer orders (with or without an advance). Projects are established in the Project Cost Accounting System (PCAS), a subsystem of HUDCAPS. These projects are set up initially with non-financial information such as project number and the accounting classification data. Next, the customer agreements are associated with the applicable project(s). By creating the project/customer agreement relationship, this facilitates project updates as commitments, obligations, and expenditures are recorded throughout the period. The sub-project number is the key data element that differentiates a typical commitment, obligation, or invoice from a WCF transaction equivalent. Invoices are processed at the CFO Accounting Center. The next steps in the process address month-end activities relating to cost allocation, cost distribution, customer billing, and project monitoring. At year-end, the WCF division recaptures un-liquidated obligations and determines which outstanding obligated balances or un-obligated balances are available for carryover into the next fiscal year.

Maintaining comprehensive accounting entries in a single system is a desirable outcome of the new implementation. Currently, budgetary entries are separate from the PCAS transactions.

Table 4-17 Administer Working Capital Fund Activity Steps

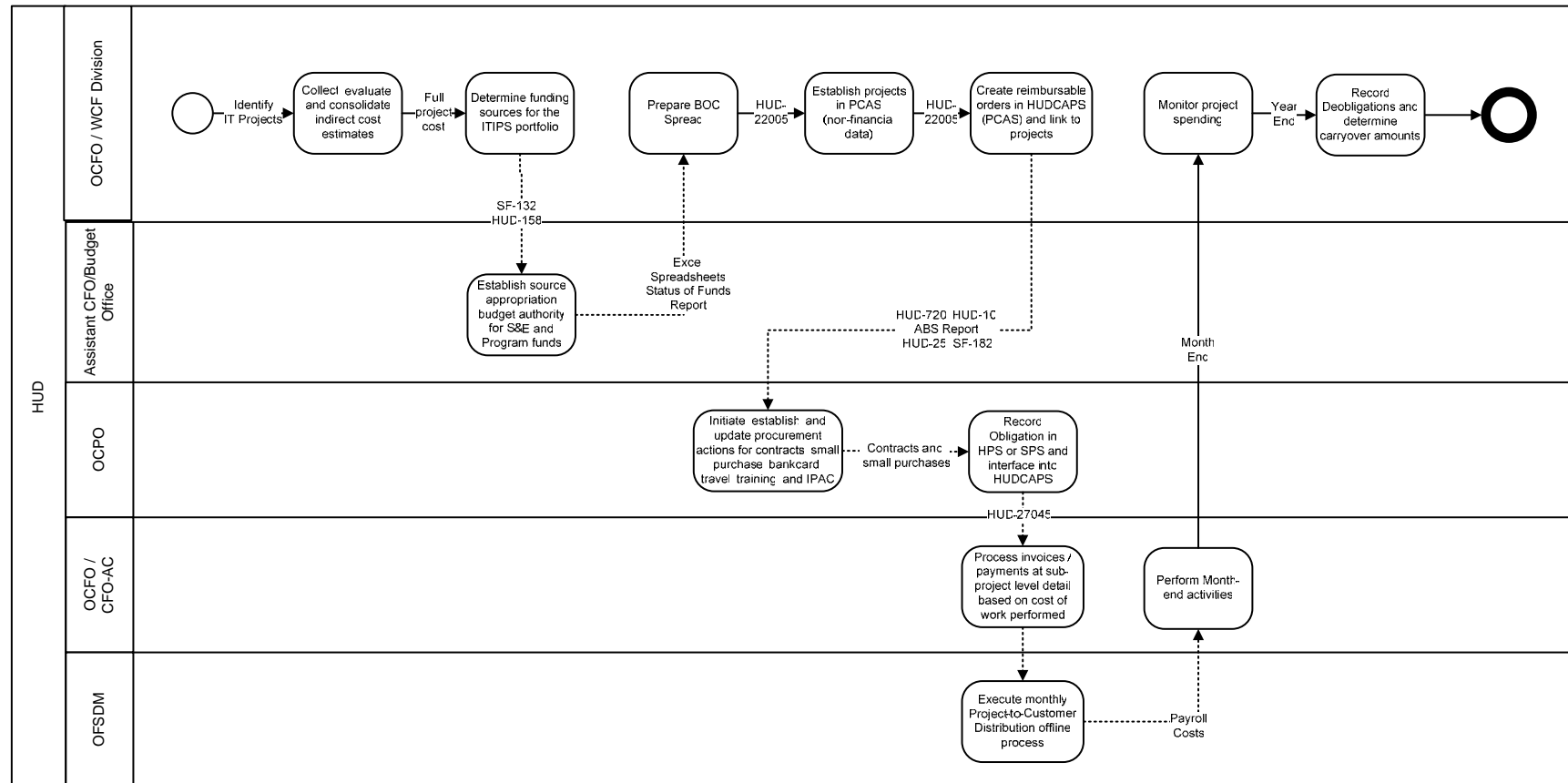
Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Identify IT Projects	1.	During the budget formulation process, the WCF division collects, evaluates, and consolidates indirect cost estimates. They apply an overhead rate to distribute costs across ITIPS projects. The WCF Division applies indirect costs to direct costs to identify the full project cost.	EZBudget	OCFO / WCF Division	Annually
	2.	Determine potential funding sources for the ITIPS portfolio: <ul style="list-style-type: none"> • Direct appropriations • Reimbursable authority (available from transfers of S&E appropriated funds along with program funds for OIG, PIH, CPD, and FHA support the WCF) • Revenue available from agreements (for example, CAIVRS usage) • Carryover amounts from previous FYs 	Status of Funds Report HUDCAPS	OCFO / WCF Division	Annually (may be revised during the FY)
	3.	Once the budget is approved, anticipated resources are recorded and distributed using the SF-132 and Source of Funds report. WCF authority is apportioned (SF-132) and allotted (HUD-158). Funding is distributed down to the assignment and sub-assignment level (to the objects class level). Create WCF funding transactions by preparing reimbursable orders (RO) in support of approved ITIPS portfolio. Reimbursable orders transfer funding from the S&E and Program appropriations to the WCF. A separate RO (customer agreement) is recorded for each funding source in HUDCAPS.	SF-132 HUD-158 HUDCAPS	OCFO / Office of Budget	Annually (may be revised during the FY)

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
		Personal services and system maintenance costs are allocated and paid out of the first year of the multi-year appropriation. Research, planning, development and maintenance activities come out of either current year reimbursable authority or carryover funds.			
	4.	The OCFO / WCF Division prepare budget object code spread using Excel spreadsheets and the Status of Funds by Object Class Distribution Report produced from HUDCAPS.	Excel spreadsheets Status of Funds by Object Class Distribution Report HUDCAPS	OCFO / WCF Division	
	5.	Establish project(s) in PCAS to record non-financial information (e.g., project number (job number), and the appropriate accounting classification codes).	HUDCAPS (PCAS)	OCFO / WCF Division	Annually (may be revised during the FY)
	6.	Link projects to customer agreements and record project funding in PCAS. Initially, only two sub-projects are funded: maintenance (I) and development (C). The Maximum Billable Amount (FPCA screen) will be the sum total of current year and carryover funds from all customer agreements that fund a project. If set up correctly, the maximum billable amount (FPCA screen) will equal the project max amount (Actual Billed Amount per project on the PROJ screen)	HUDCAPS (PCAS)	OCFO / WCF Division	Annually (may be revised during the FY)
	7.	Record procurement actions as applicable to contracts, small purchases, bankcard purchases, travel or IPAC transaction. The sub-project number is a key data element that identifies these as WCF transactions.	HUDCAPS HPS HPS/SPS HTMS	OCPO	As needed
	8.	Record obligations in HPS or HPS-SPS and interface to HUDCAPS.	HPS HPS-SPS HUDCAPS	OCPO	
	9.	Process invoices and payments at the sub-project level based on the cost of work performed. As	HUD-27045 Invoice Approval for Contract /	OCFO-Commercial Payments Branch	As needed

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
		invoices are received, they are stamped with the date the invoice is received (applies to all funding types).	Purchase Order or Training Requisition HUDCAPS	CFO Accounting Center	
Month End	10.	<p>Cost distribution is carried out monthly in PCAS using the Project-to-Customer Distribution program (offline procedure). Commitments, obligations, and expenditures accumulated during the month are distributed to the source ROs. In addition, the cost allocation is performed monthly in PCAS as identified in the following steps:</p> <ol style="list-style-type: none"> 1. The WCF division is responsible for calculating the payroll percentage for each project. The information is captured on a spreadsheet and manually entered into HUDCAPS (Pool Base Definition Reference (PBDF)). 2. The Cost Allocation System distributes direct payroll expenditures. A cost allocation job executes once a month to distribute WCF payroll costs accrued as of the end of the month to the WCF projects. <p>Currently, HUD manually records capital software acquisition on a quarterly basis. Guidance is available that recommends automating this process (FAS10).</p>	HUDCAPS (PCAS)	Office of Financial Systems Development and Maintenance	Monthly
Month End	11.	<p>The WCF automatically records revenue through the monthly Project Cost Accounting Billing process (PCBILL). This process collects the project costs that have been recorded as expenditures during the month and linked to the proper customer agreement. A report is generated that shows how much is to be billed or how much has been earned. Entries are made automatically for the WCF and the internal customers.</p> <p>To ensure that the WCF is fully reimbursed, funding</p>	Report on Government Organization Revenues Financial Data Mart	OCFO	Monthly

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
		is normally collected in advance. Collecting in advance began during FY2001 for most customers. As a result, the PCBILL process records revenue and reduces the advanced balance (liability).			
	12.	The WCF Division monitors project spending on a daily and monthly basis. This ensures adherence to legally binding funding authority. There are a variety of system-generated reports and queries that are used to provide up-to-date status of actual commitments, obligations, and expenditures that are compare to authorized funding amounts.	HUDCAPS Financial Data Mart	OCFO / WCF Division	Daily / Monthly
Year End	13.	At year-end, the WCF division identifies un-liquidated obligations. They determine which funds may be de-obligated or de-linked from a project. HUD maintains un-liquidated commitments that can be carried over and returned to the same project or made available to other projects in the next FY. Project commitment transactions are automatically carried over into the next FY via a special year-end process. These commitments are also generated automatically in HPS and HPS-SPS.	HUDCAPS (PCAS)	OCFO / WCF Division	Annually

Diagram 4-16 Administer Working Capital Fund – HUD Administration



4.1.7 Core Financial System Management

4.1.7.1 Manage Account Definition

OMB Circular A-127, “Financial Management Systems,” requires implementation of the United States Standard General Ledger (USSGL) at the transaction level. The USSGL is described in a supplement to the Treasury Financial Manual (TFM), which includes the chart of accounts, account descriptions and postings, accounting transactions, suggested data elements/ sub-accounts, and crosswalks to standard external reports. HUD has implemented a chart of accounts in HUDCAPS that is consistent with the USSGL and meets the agency’s information needs. When the acronym USSGL is used in these documents, it refers to the Government-wide standard. The *USSGL Board* is the governing body for changes to the USSGL and HUD has a representative on the Board. The HUD implementation of the USSGL specification in HUDCAPS is termed *Standard General Ledger* (SGL) in these documents.

To support the Account Definition activity, HUDCAPS provides the following capabilities:

- Uses a chart of accounts consistent with the basic numbering structure provided in the SGL. Any expansion to the numbering system rolls up to the posting accounts provided in the SGL.
- Incorporates proprietary, budgetary and memorandum accounts in the system, and maintain the relationships between accounts as described in the SGL.
- Uses account titles and numbers consistent with the account titles and numbers provided in the SGL.
- Provides subsidiary ledger support for SGL accounts. This support is in sufficient detail for asset protection, management information, and fund accounting. HUDCAPS supports reconciliation of SGL control accounts to their respective subsidiary records by accounting period.
- Supports an SGL account structure for multiple appropriations (including receipt accounts) or funds and multiple fiscal years within the appropriations, including annual, multiyear, and no-year appropriations.
- Supports the use of processing of information consistent with the standard transaction identification process rules from SGL.
- Provides the capability to create additional sub-accounts to the SGL for agency specific tracking and control including *attributes*² needed for FACTS reporting. These sub-accounts summarize to the SGL accounts.

The Account Definition process is controlled by the USSGL Board which has representatives from most agencies including HUD as voting members. Adding new accounts by the Board is normally in response to the need to recognize new financial imperatives such as the *Credit Reform Act of 1990* or the need for capturing and reporting outlays related to security. Another source of change is a Treasury change in reporting

² *Attribute* is a term used in relational database systems to denote a data item or data field.

requirements. For example, OMB Bulletin 01-09 supersedes OMB Bulletin No. 97-01, “Form and Content of Agency Financial Statements”, dated October 16, 1996. Bulletin 01-09 has significant changes which impact the U.S. SGL accounts and reporting such as:

Budget Integration -- The Statement of Budgetary Resources is revised to improve the linkage between this statement and the Budget of the United States Government.

Integrated Reporting -- Performance and accountability reports will be required for FY 2002 and subsequent years. OMB is undertaking a comprehensive assessment of all agency reporting requirements. Changes resulting from this assessment will be included in future issuances of this Bulletin.

Financial Statement Format -- Labeling and formatting of line items are improved to facilitate an understanding of the flow of information between statements.

The USSGL Board provides a uniform Chart of Accounts and technical guidance to be used in standardizing federal agency accounting. The USSGL Supplement (released annually) is composed of five major sections:

- Chart of Accounts
- Account Descriptions
- Accounting Transactions
- USSGL Attributes
- Report Crosswalks

Many changes or updates to the USSGL are a result of legislative enactment. In order to comply with Governmental guidance set forth by bodies such as the Department of Treasury, Federal Accounting Standards Advisory Board (FASAB), the Office of Management and Budget (OMB), and new systems requirements (i.e. Federal Agencies' Centralized Trial-Balance System - FACTS II), USSGL accounts and transactions are established to reflect new reporting requirements. The changes are documented in the Treasury Financial Manual (TFM) release.

When a change is made by ballot, the HUD representative on the USSGL Board will discuss the change with the HUD Office of the Chief Financial Officer (OCFO) staff responsible for HUDCAPS. After the ballot is approved the HUD USSGL Board representative will then notify the key HUD personnel responsible for implementing changes to HUDCAPS; these are the 3 or so HUDCAPS system administrators and supporting staff (a group of about 3 persons). These individuals will begin analyzing the impact of these changes by determining if the new or revised account code conflicts with existing HUDCAPS sub-accounts. This can occur because HUD has used 4 digit account numbers for sub-accounts that the USSGL Board did not previously use. To prevent this, most new HUD sub-accounts have an alphabetic character as the 4th digit. The analysis is done by reviewing the HUDCAPS Chart of Accounts codes to see if there is a conflict. If so, the next step is to see if there are any actual postings to the accounts. If not, the HUDCAPS account descriptions are revised to prevent future posting under the old account meaning

and use. If there are postings, then the administrators will have to derive a new sub-account and arrange to move the old postings to the new HUD-specific sub-account.

The HUDCAPS administrators will make the required changes to the General Ledger Account Codes (GLAC) table and in any necessary supporting reference tables prior to the effective date of the new SGL accounts. Changes are also required to the HUDCAPS *Transaction Posting Model scripts*³ which control how transactions are applied to accounts and what transaction accounts can participate. Prior to these actions, the system administrators for PAS, Hyperion and the Financial Data Mart are notified, as these systems have their own reference tables and crosswalks that must be in concert with HUDCAPS account codes. Changes to the HUDCAPS SGL also impact the year-end closing accounts tables (YACT) and the analysis of changes must include YACT accounts.

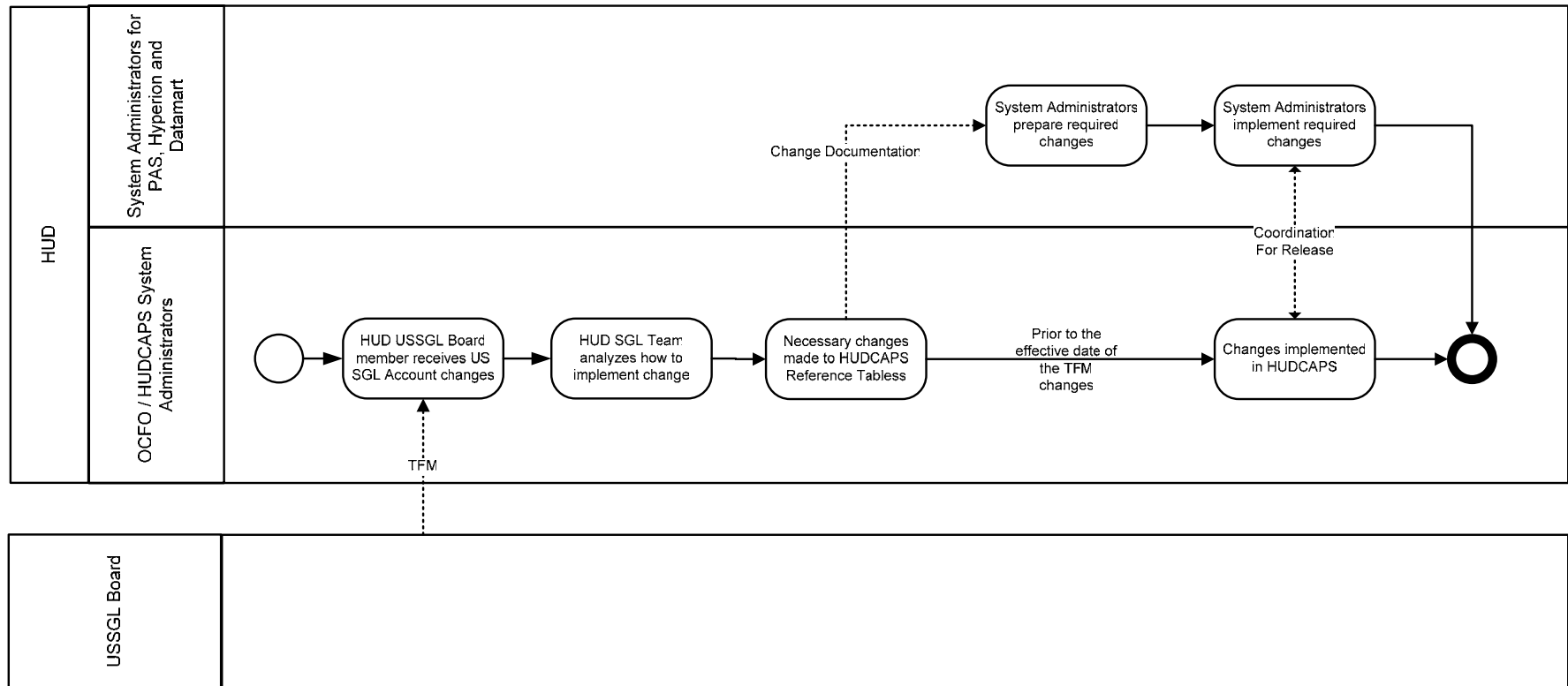
Table 4-18 Manage Account Definition Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
USSGL Board issues TFM account change	1.	HUD member(s) of the USSGL Board report the change to OCFO. The change is specified in a Treasury Financial Manual (TFM) Revision. OCFO receives notification from Treasury of the pending changes.	Proceedings of the USSGL Board and ballot to issue change TFM	HUD Representative to USSGL Board	As required by legislation, Treasury reporting requirements, etc.
OCFO notification of pending change	2.	HUDCAPS SGL Team and supporting staff analyze impacts of pending changes. HUDCAPS Systems Administrators decide on course of action (impact, no impact, etc.)	OCFO notification and USSGL TFM	HUDCAPS Systems Administrators	Each USSGL TFM account change release
Change Decisions	3.	Necessary changes made to HUDCAPS General Ledger reference tables, such as the General Ledger Accounts (GLAC) Tables (account descriptions, posting models, YACT accounts, etc.) are prepared and tested.	Analysis Findings	HUDCAPS Systems Administrators	Each USSGL TFM account change decision
Changes are prepared	4.	System Administrators for PAS, Hyperion and Financial Data Mart are notified of the pending changes and prepare required changes.	Change documentation and release notes	OCFO AND HUDCAPS Systems Administrators	Each USSGL TFM account change release decision
Prior to the effective date of the USSGL change	5.	Changes are made to HUDCAPS master tables (ACED, ACCT, ACEN, GLAC, and ACEV), which include adding and/or changing account descriptions, account names, and posting model information. YACT changes are also implemented.	Changes prepared for HUDCAPS	OCFO and HUDCAPS System Administrators	Each USSGL TFM account change implementation

³ *Scripts* resemble program steps as in a computer program.

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Changes made to HUDCAPS	6.	System Administrators for PAS, Hyperion and Financial Data Mart implement prepared changes.	Changes prepared by PAS, Hyperion and Financial Data Mart support	PAS, Hyperion and Financial Data Mart System Administrators	Each USSGL TFM account change implementation in HUDCAPS

Diagram 4-17 Manage Account Definition – HUD Administration



4.1.7.2 Manage Transaction Control

The Transaction Control Process defines, maintains and executes the posting and editing rules for transactions that are processed in HUDCAPS, the HUD General Ledger core financial system. In addition to recording transactions originally entered into HUDCAPS, HUDCAPS is able to process and record transactions originating in other systems via an interface. This is done in order to provide the basis for central financial control.

The Transaction Control Process is further categorized as Transaction Definition and Processing activities, and Audit Trail activities. Guidance for transaction definition and processing can be found in OMB Circular No. A-127. This circular requires common processes to be used for processing similar kinds of transactions throughout an integrated financial management system to enable transactions to be reported in a consistent manner. It also requires financial events to be recorded by applying the requirements of the U. S. Standard General Ledger (USSGL) at the transaction level. This is accomplished by defining a standard transaction(s) for each accounting event. SGL accounting transactions typically update multiple budgetary and proprietary accounts based on a single accounting event. HUDCAPS ensures that all transactions are handled consistently, regardless of their point of origin. The system also ensures that transactions are controlled properly. These controls provide reasonable assurance that the recording, processing, and reporting of financial data are properly performed and that authorized transactions are complete and accurate.

Transaction control processing occurs on a daily basis. PAS transaction codes are interfaced to HUDCAPS through a nightly cycle that runs edits on the HUDCAPS General Ledger Crosswalk Table (GLXT). This table cross-references the PAS Transaction Code, Event type, Program Type and the Federal/Non-Federal Codes to a HUDCAPS transaction code and transaction type. GLXT is only used for P2H Interface. In addition to the PAS to HUDCAPS interface (P2H), there is also a HUDCAPS to PAS interface (H2P). H2P interfaces the fund assignments. Both of these interfaces utilize the Accounting Crosswalk Table (ACXT/ACXV) and the PAS Organization Crosswalk Table (PORX, PORV).

Both of these interfaces produce error reports. If a transaction fails data validation routines, then it will populate the appropriate report and require resolution. At the end of each fiscal year, in the HUDCAPS rollover processing, the transaction codes and transaction types are reviewed by the Office of the Chief Financial Officer (OCFO). HUDCAPS transaction codes and transaction type codes are 2 characters each. HUDCAPS must also translate PAS input with 5-digit Transaction Account Codes (TAC). The 5-digit TAC is comprised of a 3-digit TAC and 2-digit TAC modifier along with a 2-digit event code that are imported into HUDCAPS via the interface into 2 character HUDCAPS codes. In this review, unused or little used transaction codes are eliminated and the HUDCAPS Systems Administrators are notified of the changes.

On occasion, the HUDCAPS System Administrator must create a new transaction because no standard transaction for the data exists. In this case, the System Administrator will execute queries against the existing transactions to see which standard transaction comes closest to what is required, and that transaction is used as a model on which to base the new transaction.

To guide transaction control management, HUD uses a Transaction Posting Model Sheet, comprising well over 1,500 posting models in HUDCAPS and supporting tables Accounting Entries Definition Table (ACED) and Accounting Entries Table (ACEN). Many of these models are temporary and not carried forward to the new fiscal year. There are about 10-50 new transactions created annually. Examples of newly created transactions are:

- New sub-account for FACTS reporting
- One-time adjustments
- SGL Accounts that have been added or changed by the USSGL Board

As requirements dictate, the System Administrators will change sub-account structure, necessitating changes in transaction processing. In HUDCAPS, there is a maximum of five debit/credit pairs.

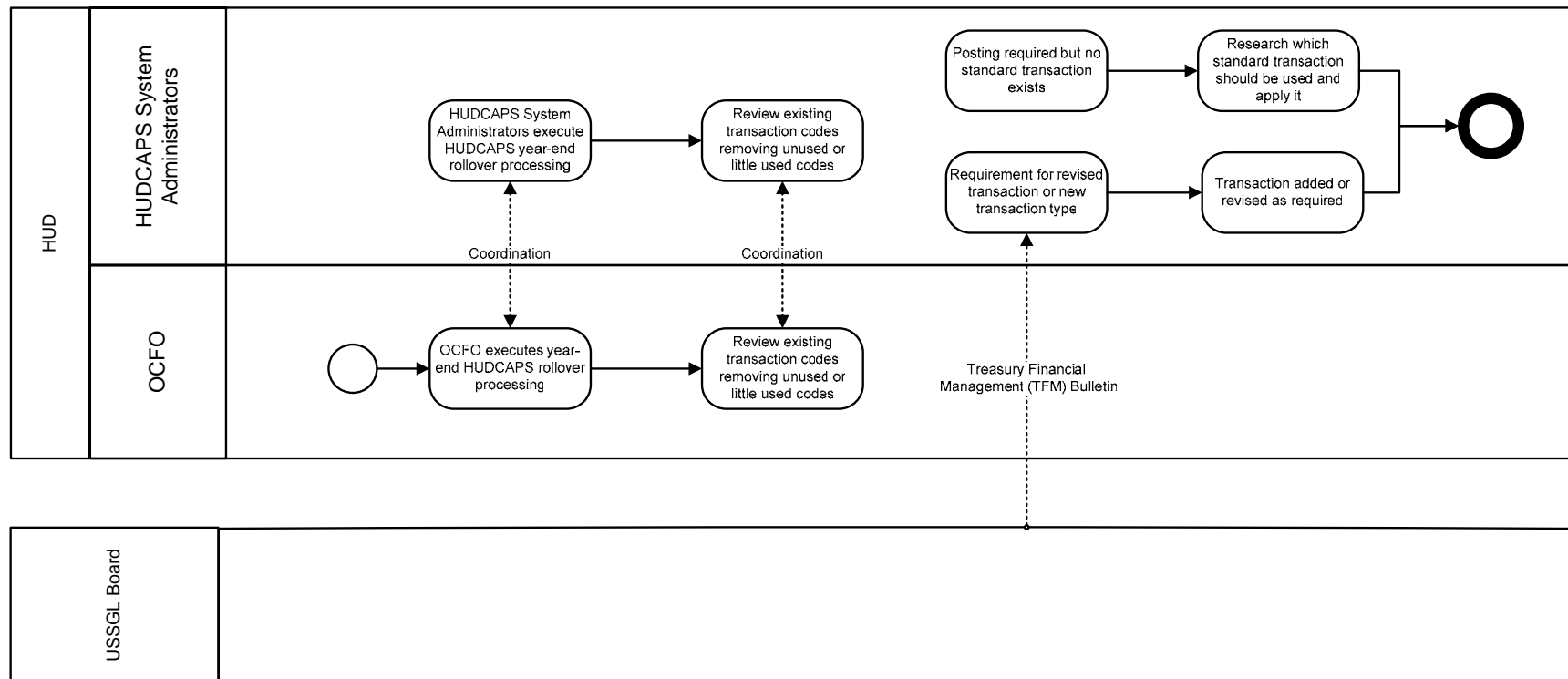
Adequate audit trails are critical to providing support for transactions and balances maintained by the Core financial system. While audit trails are essential to auditors and system evaluators, they are also necessary for day-to-day operation of the system. For example, they allow for the detection and systematic correction of errors.

Table 4-19 Manage Transaction Control Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
End of Fiscal Year	1.	Execute HUDCAPS rollover processing	HUDCAPS	OCFO, HUDCAPS System Administrators and Contractors	Annually
HUDCAPS Rollover Processing	2.	Review existing transaction codes removing unused or little used codes	HUDCAPS	OCFO, HUDCAPS System Administrators and Contractors	Annually
Posting Required but No Standard Transaction Exists	3.	System Administrators execute queries against the existing transactions to see which standard transaction comes closest to what is required, and that transaction is used as a model for creating a new transaction.	HUDCAPS	HUDCAPS SGL Team and System Administrators	As required
New or Revised Transaction	4.	Examples of new or revised transactions are as follows: <ul style="list-style-type: none"> • New sub-account for FACTS 	HUDCAPS Account Entries Definitions Table	HUDCAPS System Administrators and Contractors	As required

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Required by SGL		<ul style="list-style-type: none">• SGL Accounts that have been added or changed by the USSGL Board• One-time adjustments <p>If a transaction is new, it will be set up by the appropriate System Administrator. As requirements dictate, the System Administrators will change sub-account structure, necessitating changes in transaction processing.</p>	(ACED) and Account Entries Table (ACEN)		

Diagram 4-18 Manage Transaction Control – HUD Administration



4.1.8 General Ledger Management

4.1.8.1 Record Accruals

HUD records accrual transactions for Payroll and Salaries and Expenses transfers. These transactions are discussed in detail in the Payroll and Loans section of this document.

4.1.8.2 Execute Year End Closing

The HUD Program and Administration area completes over 300 detailed steps as part of its comprehensive closing cycle. Closing activities begin as early as the third quarter of the fiscal year. The OCFO office develops and publishes year end closing procedures and timelines to be followed during the closing cycle. Throughout the process, there is much coordination between the program and administrative offices to enter, adjust, maintain, update and report accurate and timely financial information. The FY2003 Annual Close Timeline was used as a basis for discussing year end activities.

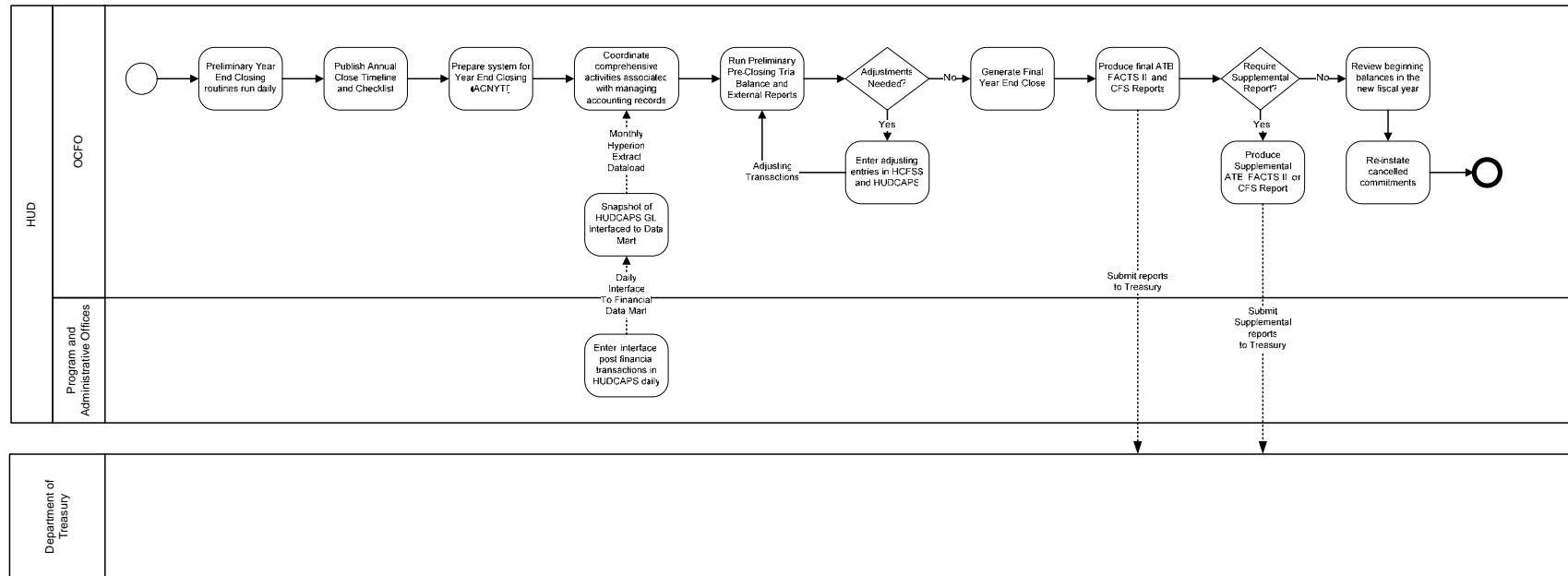
Table 4-20 Execute Year End Closing Activity Steps

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Year End Closing Requirements	1.	Execute a preliminary year end close on a daily basis. The preliminary close process generates simulated closing entries that can be reviewed by the OCFO division.		OCFO	Daily
	2.	Publish HUD Annual Closing Procedures documentation.		OCFO	Annually with revisions
	3.	The OCFO Systems division begins extensive process to prepare the system for year end closing. During this activity, the New Year Table Initialization Program (ACNYTI) and job (A75ACNY) perform auto and manual rollover of tables. Some tables are re-rolled over at a later date because of subsequent accounting activity that causes structure changes. Additionally, a DOCLOAD file for zero dollar AA documents is executed in Production to establish a baseline for budget execution transactions in the new fiscal year. The purpose for the DOCLOAD file for zero dollar AA documents is to establish	HUDCAPS	OCFO	Annually with revisions

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
		the APPR record with the correct Transaction Code/Transaction Type. These codes determine the proper recovery posting in future years. OCFO Systems Division manages this function to maintain the control of the APPR record.			
	4.	<p>The OCFO, OCFO Budget Office, and CFO-AC coordinate with the Program and Administrative Offices to accomplish a multitude of tasks. This activity aims to ensure that all appropriate transactions have been interfaced into or posted directly into HUDCAPS; including, but not limited to:</p> <ul style="list-style-type: none"> • Ensuring SGL accounts maintain a normal balance • Execute year end closing procedures in other systems • Complete treasury confirmations in the applicable source systems • Reconcile cash • Hold expired funds for corrections • Process recaptures • Clear suspense file transactions • Reconcile source systems to the HUDCAPS GL • Cancel authority • Adjust general ledger for expired funds as appropriate • Zero out anticipated authority • Validate federal vendor data • Deliver September interface data to Hyperion. <p>(Period 12)</p>	<p>HUDCAPS PAS LOCCS HCFSS (Hyperion)</p>	<p>OCFO, OCFO Budget Office, and CFO-AC in conjunction with Program and Administrative Offices</p>	<p>Annually with revisions</p>
	5.	Generate preliminary pre-closing trial balance reports and external reports.	Financial Data Mart HCFSS (Hyperion)	OCFO	Annually with revisions
HCFSS Adjusting Entries	6.	Adjusting or correcting entries are recorded and posted in HCFSS and the preliminary reports are re-generated until reconciliation is complete. Appropriate OCFO and CFO-AC staff are notified of HCFSS adjusting entries. They post adjusting entries (in the next open accounting period) to HUDCAPS GL. At year end, entries are posted to the beginning balances of the next fiscal year.	HCFSS	OCFO	Annually with revisions
	7.	The OCFO staff begins reconciliation activities in preparation for submitting the FACTS I, FACTS II, and Consolidated Financial Statements to Treasury. Next, they generate and	GFRS FACTS II Pre-closing Trial	OCFO	Annually with revisions

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
		review preliminary GFRS, FACTS II, and Consolidated Financial Statements. The OCFO implements intra-governmental procedures to facilitate meeting external reporting requirements for GFRS and Consolidated Financial Statements. They input GNMA and FHA 'un-audited' and 'audited' financial data into HCFSS.	Balance Report Consolidated Financial Statements HCFSS Financial Data Mart		
	8.	OCFO provides a final pre-closing HUDCAPS extract file (TB) to Reporting and CFO Staff. This file is interfaced to the Financial Data Mart and subsequently interfaced into Hyperion.	HCFSS	OCFO	Annually with revisions
	9.	OCFO generates the ATB, FACTS II, Consolidated Financial Statements, and Performance and Accountability reports	HCFSS	OCFO	Annually with revisions
Reconciling items are resolved	10.	Once reconciling items are resolved, the OCFO staff generates the ATB, FACTS II, and Consolidated Financial Statements in accordance with Treasury submission requirements.	HCFSS	OCFO	Annually with revisions
	11.	The OCFO staff generates supplemental external reports to Treasury on an as needed basis. For instance, an audit may raise issues that require journal entries to adjust account balances in a prior month or prior year. As a result of these changes, the amounts on the reports may change requiring submission of a supplemental report.	HCFSS	OCFO	Annually with revisions
	12.	Review beginning balances brought forward as a result of the annual close process. Make adjustments if necessary.	HUDCAPS HCFSS	OCFO	Annually
	13.	Re-instate cancelled commitments in HUDCAPS.	HUDCAPS	OCFO	Annually

Diagram 4-19 Year End Closing Process



4.1.8.3 Closing Analysis and Reconciliation

The cash reconciliation process for the HUD Program and Administrative offices is described in detail in the SF 224 Statement of Transactions section of this document.

4.1.9 Financial Reporting

The process describes how HUD's Consolidated Financial Statement System (HCFSS) generates the adjusted trial balance (ATB) (previously referred to as FACTS I), FACTS II, Consolidated Financial Statements, and the Treasury Report on Receivables reports. HCFSS is also referred to as Hyperion.

The OCFO generates ATBs using the Hyperion Enterprise System on a monthly basis. In addition, Hyperion is also used to generate the SF-133s and the CFO Consolidated Financial Statements. GFRS is a Treasury Internet Based System, which does not interface with Hyperion. The basis for the GFRS Closing Package Submissions is the adjusted Pre-Closing Hyperion ATBs, SGL crosswalk and Reclassified Financial Statements. The SGL Cross Walks by Financial Statement Line Items and the Reclassified Financial Statements are based on Excel spreadsheets developed by the CFO accounting staff. HUD receives audited financial statement data from Ginnie Mae, FHA, and OFHEO using the OCFO Excel templates. Any adjustments require coordination with representatives from each of the business areas.

FACTS II is generated on a quarterly basis using HypFACTS (a sub-system of Hyperion). HUD receives the Master Account File (MAF) from Treasury, generates the FACTS II trial balance reports, and creates the FACTS II Bulk file for Treasury reporting. HypFACTS employs reference tables within Hyperion to populate applicable reporting attributes required by Treasury. Once the bulk file ready for transmission to Treasury, the appropriate personnel accesses the FACTS II system via Treasury's GOALS website and transmits the bulk file.

The Treasury Report on Receivables (TROR) is manually reported on a quarterly basis. Currently, the total receivable amounts are all that can be validated. Receivable information is compiled from various systems and organizations to prepare and submit this report. In summary, the beginning and ending balances of the receivable accounts are reported along with an aging analysis. The TROR also is the method for reporting on compliance with the Debt Collection Act of 1996 in regards to utilizing Treasury's offset program.

The processes documented in this section support the following:

- Adjusted Trial Balance (ATB) Report
- FACTS II Pre-closing Trial Balance Report (replaces Treasury submission of the SF 133-Report on Budget Execution and Budgetary Resources, FMS 2108 Year End Closing Statement, and the Program and Financing Statements)

- Consolidated Financial Statements including:
 - Balance Sheet
 - Statement of Net Cost
 - Statement of Changes in Net Position
 - Statement of Budgetary Resources
 - Statement of Financing
- Treasury Report on Receivables

Each of these reports requires certain attributes (required by Treasury or OMB) that provide additional information about the data collected. These attributes are published on the Department of Treasury's website (www.fms.treas.gov). Our analysis indicated that many of these attributes are either assigned during report generation or derived from the Hyperion system tables.

4.1.9.1 Generate HUD SF 224 Statement of Transactions

SF 224 Statement of Transactions provides Treasury with a monthly statement of disbursements and collections initiated by the Department that affect Treasury funds. The Department of Treasury has assigned a distinct ALC to the OCFO and CFO-AC organizations as well as FHA and GNMA. In addition, a separate SF 224 is prepared for each ALC.

The SF 224 is submitted to Treasury by the third business day of the month following the reporting month. Treasury requires submission of a supplemental 224 report if disbursements and collections are not within a \$5 million or \$10 million threshold, respectively. While the HUD Consolidated Financial Statement System produces most external reports, the 224 report generates from HUDCAPS. Disbursement and collection transactions recorded in PAS and LOCCS interfaced into HUDCAPS and transactions entered directly into HUDCAPS are included in this reporting process.

The OFCO and CFO-AC organizations work together closely to reconcile 224 differences on a monthly basis. In addition to the Treasury reports (i.e., TFS 66xx series reports, the Agency Confirmation Report, IPAC Transaction Listing, Deposit Ticket and Debit Voucher reports), the OCFO and CFO-AC organizations use various reports from the Data Mart to reconcile 224 variances. These reports provide drilldown capability from GL to the transaction source to assist in identifying a reconciling item. Agencies have up to six months to clear variances reported on the TFS 6652 Statement of Differences report. However, the Department is diligent about staying current on cash reconciliation activities. Cash reconciliation takes place the first couple of days of each month. During our analysis, we found that two areas that were noteworthy as related to the reconciliation process. Program expenditures from LOCCS are recorded directly to cash then reconciled against the 224 report. Transactions not accomplished in the accounting period are reversed from the cash account and reclassified to the disbursement-in-transit account. The other area of interest is the reconciliation of payroll expenditures. Payroll expenditures come in from the National Finance Center (NFC) and Bureau of Public Debt (BPD). Working Capital Fund and Salary and Expense accruals come through NFC while accruals for the Office of the Inspector General are

processed through BPD. All of these transactions come through on HUD's 224 report as a current year transaction. In fact, there may be prior year amounts that must be charged to the appropriate funding year. In addition, payroll adjustments also complicate the cash reconciliation process.

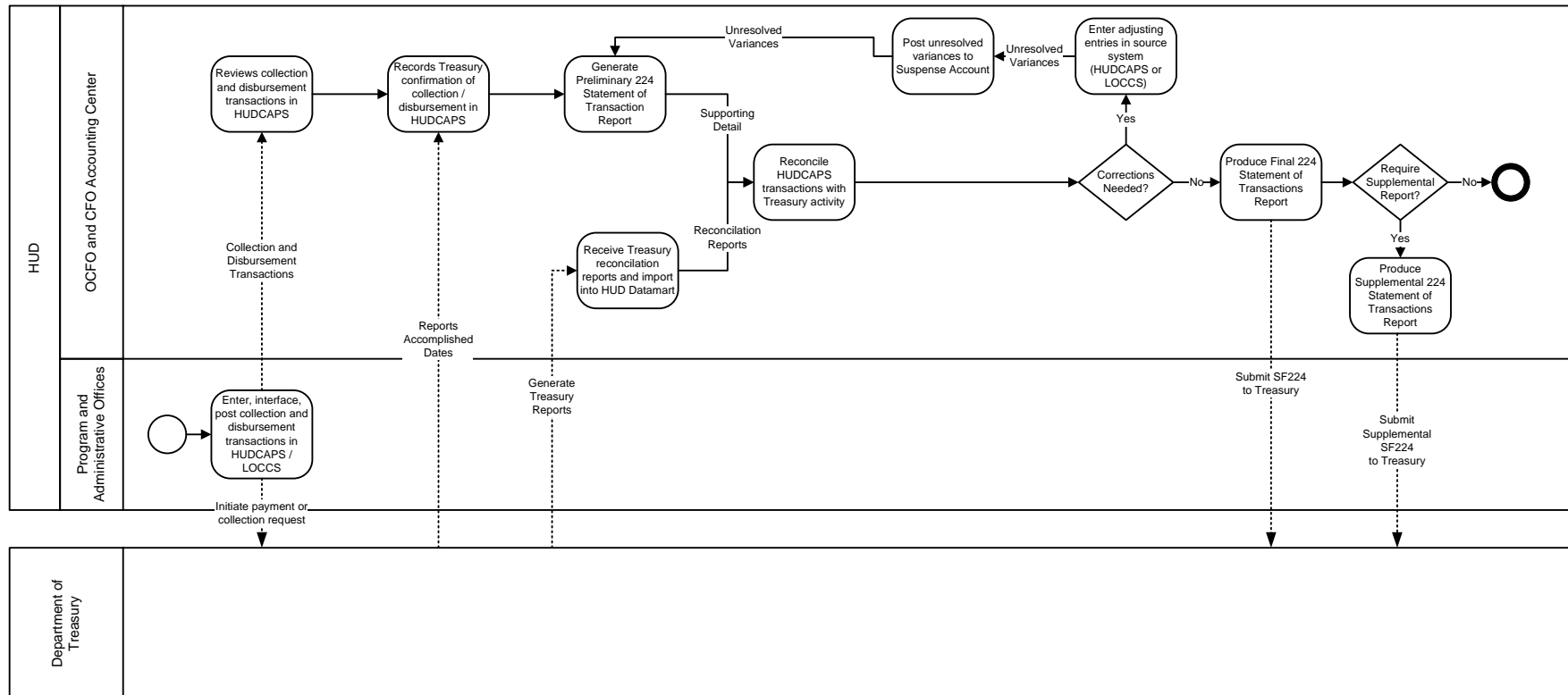
The SF 224 consists of three (3) sections: 1) Classification of Disbursements & Collections by Appropriation, Fund & Receipt amount, 2) Control Total of Disbursement and Collection, 3) Status of Collections. HUD uses general ledger (GL) accounts (and sub-accounts) to differentiate the collection or disbursement type. The use of GL accounts and sub-accounts also determines column placement for the different 224 reporting requirements.

Table 4-21 Generate HUD SF 224 Statement of Transactions Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Federal Reporting requirements	1.	Disbursement and collection transactions are entered directly or interfaced into HUDCAPS. These transactions are posted to various Treasury accounts throughout the month.	HUDCAPS	OCFO / CFO-AC	Daily
Receive Disbursement and collection requests	2.	Treasury disburses payments on the agency's behalf and/or captures deposit/collection activity on the agency's behalf. Accomplished dates are associated with these transactions and reported back to HUD.	Agency Confirmation Report Deposits? GOALS	Treasury	Daily
		OCFO and CFO-AC record disbursement and collection confirmations in the applicable application and interface transaction into HUDCAPS.	HUDCAPS	OCFO / CFO-AC	Daily
	3.	Throughout the month, the OCFO and CFO-AC generate preliminary SF 224 reports.	HUDCAPS	OCFO / CFO-AC	Monthly; could be daily or weekly
	4.	OCFO and CFO-AC representatives review source transactions, reconcile HUDCAPS GL amounts, account balances, and source transactions against Treasury reports provided via GOALS. HUD representatives download these reports into Financial Data Mart (FDM) to facilitate reconciliation. The FDM application produces detailed transaction reports that allow drilldown to supporting GL entries.	TFS 6652-Statement of Differences (SODs) for Collections and Disbursements TFS 6653-Undisbursed Appropriation Account TFS 6654-Undisbursed Appropriation Account (Trial Balance) TFS 6655-Receipt Account Trial Balance		Monthly

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
			Ledgers HUDCAPS LOCCS Financial Data Mart (FDM)		
	5.	If corrections are required due to differences between HUD and Treasury reporting, the OCFO and CFO-AC record adjusting entries in the appropriate source systems.	HUDCAPS LOCCS		
	6.	Unresolved differences are posted temporarily to a suspense account. Un-reconciled variances will carry forward to the next reporting month. Research and analysis continues until the analyst determines a resolution and records the appropriate adjustment. Failure to reconcile differences results in a notification to HUD management of un-reconciled amounts by ALC and a request to take corrective action.	HUDCAPS	OCFO / CFO-AC	As needed
	7.	OCFO and CFO-AC submit a final SF 224 Report after the reconciliation activities are complete. The Department of Treasury requires SF 224 Statement of Transactions Report submission by the 3 rd business day of the month following the reporting period.	HUDCAPS	OCFO / CFO-AC	Monthly
	8.	Supplemental reports are generated at Treasury's request only.	HUDCAPS	OCFO / CFO-AC	As needed

Diagram 4-20 Generate SF 224 Statement of Transactions – HUD Administration



4.1.9.2 Generate Adjusted Trial Balance (ATB), FACTS II, Consolidated Financial Statements, and Treasury Report on Receivables Reporting

The process describes how HUD's Consolidated Financial Statement System (HCFSS) generates the adjusted trial balance (ATB) (previously referred to as FACTS I), FACTS II, Consolidated Financial Statements, and the Treasury Report on Receivables reports. HCFSS is also referred to as Hyperion.

The ATB is generated on a quarterly basis. This report, along with data from various Excel spreadsheets, is used to generate the Consolidated Financial Statements using Treasury's new Government-wide Financial Report System (GFRS). These reports are all SGL-driven. Annually, HUD submits FACTS NOTES report over FMS Intranet at fiscal year end to support the adjusted trial balance (ATB). HUD receives audited financial statement data from Ginnie Mae, FHA, and OFHEO via Excel templates. Any adjustments require coordination with representatives from each of the business areas.

FACTS II is generated on a quarterly basis using HypFACTS (a sub-system of Hyperion). HUD receives the Master Account File (MAF) from Treasury, generates the FACTS II trial balance reports, and creates the FACTS II Bulk file for Treasury reporting. HypFACTS employs reference tables within Hyperion to populate applicable reporting attributes required by Treasury. Once the bulk file ready to be reported to Treasury, the appropriate personnel accesses the Treasury FACTS II system and transmits the bulk file.

The Treasury Report on Receivables is manually reported on a quarterly basis. Currently, the total receivable amounts are all that can be validated. Receivable information is compiled from various systems and organizations to prepare and submit this report. In summary, the beginning and ending balances of the receivable accounts are reported along with an aging analysis.

The processes documented in this section support the following:

- Adjusted Trial Balance (ATB) Report
- FACTS II Pre-closing Trial Balance Report (replaces Treasury submission of the SF 133-Report on Budget Execution and Budgetary Resources, FMS 2108 Year End Closing Statement, and the Program and Financing Statements)
- Consolidated Financial Statements including:
 - Balance Sheet
 - Statement of Net Cost
 - Statement of Changes in Net Position
 - Statement of Budgetary Resources
 - Statement of Financing
- Treasury Report on Receivables (TROR)

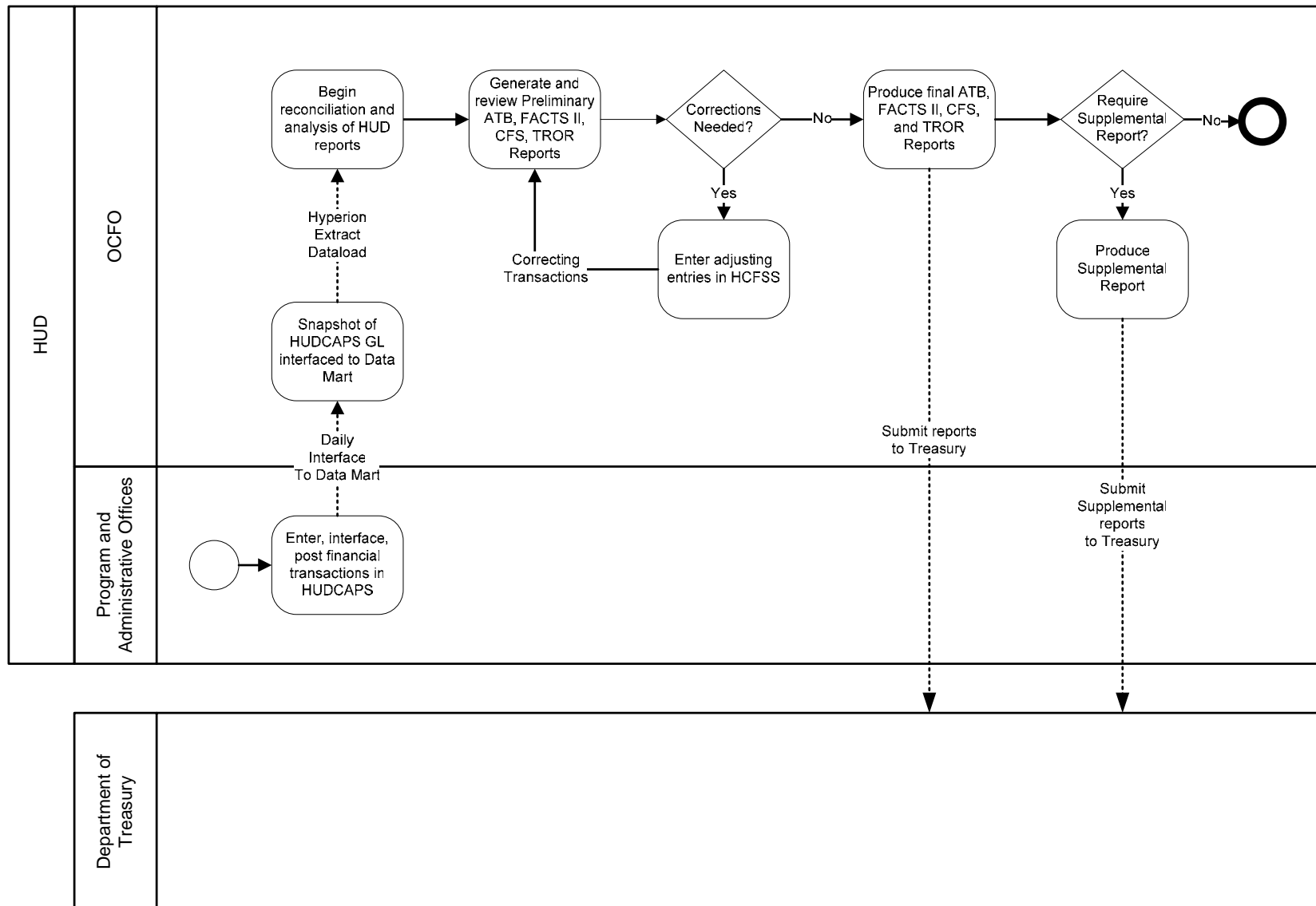
Each of these reports requires certain attributes (required by Treasury or OMB) that provide additional information about the data collected. These attributes are published on the Department of Treasury's website (www.fms.treas.gov). Our analysis indicated that many of these attributes are either assigned during report generation or derived from the Hyperion system tables.

Table 4-22 Generate ATB, FACTS II, Consolidated Financial Statements, TROR Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Federal Reporting Requirements	1.	Financial transactions entered directly or interfaced into HUDCAPS throughout the month.	PAS LOCCS HUDCAPS	Program and Administrative Offices	Daily
Daily interface into Data Mart	2.	Snapshot of HUDCAPS GL is taken daily and interfaced into Data Mart. After month end closing activities are complete, the HUD Consolidated Financial System (HCFSS) receives HUDCAPS data via Data Mart	HUDCAPS Data Mart Hyperion Extract Dataload	OCFO	Daily Monthly
	3.	The OCFO staff begins reconciliation activities in preparation for submitting the ATB, FACTS II, Consolidated Financial Statements, and Treasury Report on Receivables to Treasury.	HCFSS Data Mart	OCFO	Monthly Quarterly Annually
	4.	Generate and review preliminary ATB, FACTS II, Consolidated Financial Statements, and Treasury Report on Receivables.	ATB FACTS II Pre-closing Trial Balance Report Consolidated Financial Statements HCFSS	OCFO	Monthly Quarterly Annually
	5.	Adjusting or correcting entries are recorded and posted in HCFSS and the preliminary reports are re-generated until reconciliation is complete.	HCFSS	OCFO	Monthly Quarterly Annually
	6.	Once reconciling items are resolved, the OCFO staff generates the ATB, FACTS II, Consolidated Financial Statements, and Treasury Report on Receivables in accordance with Treasury submission requirements.	HCFSS	OCFO	Quarterly Annually
	7.	The OCFO staff generates supplemental external	HCFSS	OCFO	Quarterly

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		reports to Treasury on an as needed basis. For instance, an audit may raise issues that require journal entries to adjust account balances in a prior month or prior year. As a result of these changes, the amounts on the reports may change requiring submission of a supplemental report.			Annually

Diagram 4-21 Generate ATB, FACTS II, Consolidated Financial Statements and TROR – HUD Administration



4.1.9.3 Internal and Ad-hoc Reporting

Ad-hoc reports are available to address various requests from both external and internal auditors. In addition, ad-hoc queries and reports are useful during reconciliation activities. The Financial Data Mart is the primary reporting tool that HUD uses to generate both internal and ad-hoc reports and queries. To use the Financial Data Mart, users log on to the system and submit the appropriate report request or generate a user-defined query. The processes illustrated in this section relate to the external reporting activities that HUD executes.

4.2 Grants/Subsidies Programs

These business processes pertain to the HUD Grants/Subsidies business area.

4.2.1 Administer Grant Programs using IDIS

This business process documents the life-cycle (budget, allocation, reservation, payment, collection and de-obligation) for those CPD (Community Planning and Development) formula grants that use the IDIS (Integrated Disbursement and Information System) feeder system. This includes Community Development Block Grants (CDBG), Emergency Shelter Grants (ESG,) HOME Investment Partnership Program and Housing Opportunities for People with AIDS (HOPWA).

Table 4-23 Administer Grants Programs using IDIS Activity Steps

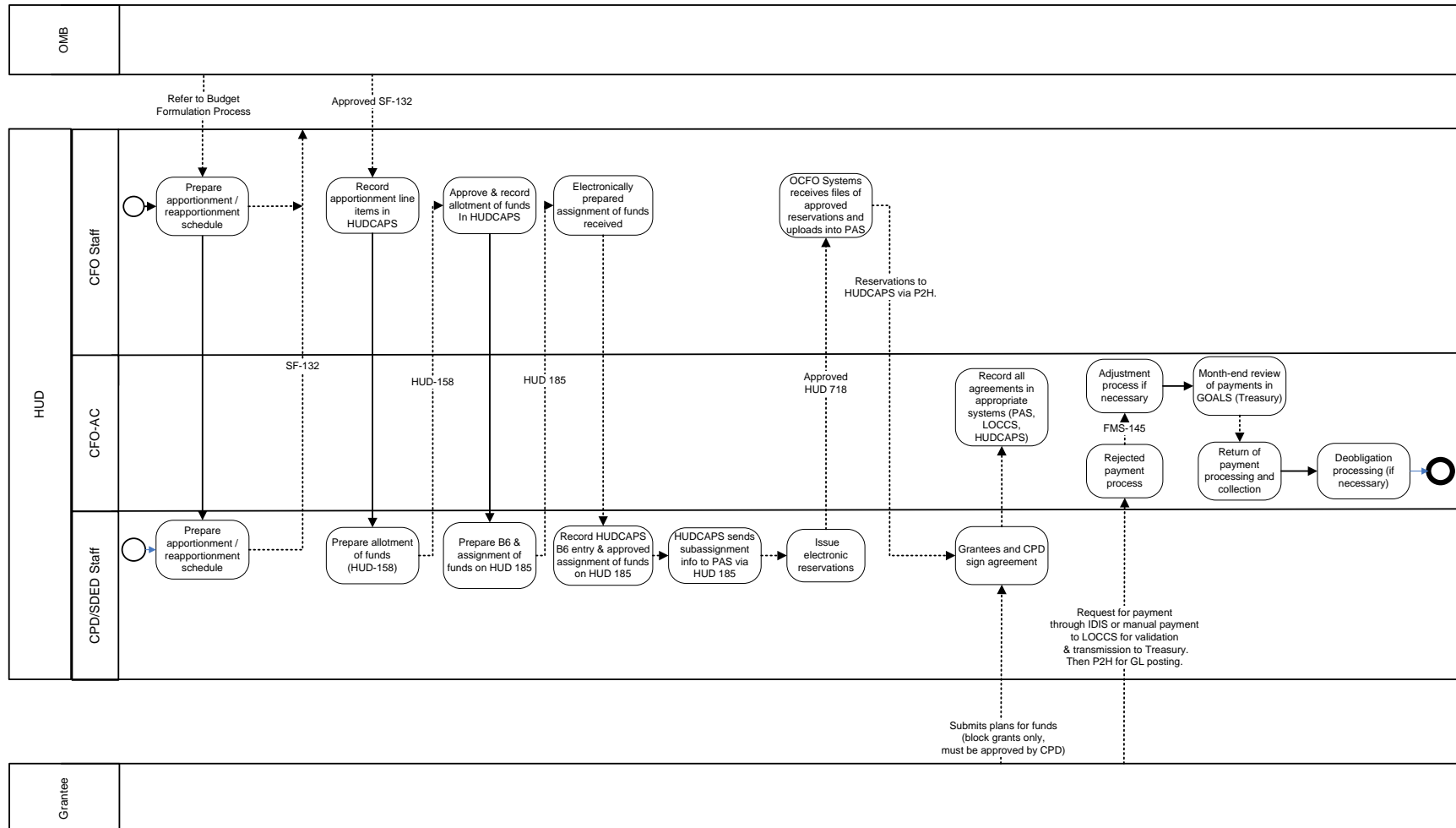
Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Preparation of the Presidents Budget	1. – 6.	See Budget Formulation Process		OMB	Annually
Continuing Resolution/Public Law	7.	Prepare apportionment/reapportionment schedule request for the applicable grant funds. This request is submitted to OMB.	SF-132	CFO and CPD Budget staffs	Annually (will be revised during FY)
Receipt of OMB Approved SF-132	8.	Receive Approved OMB SF-132 Note: There is an eternal to core accounting, year round process to determine the formula calculation for these programs.	SF-132	OCFO	Annually (will be revised during FY)
Record Receipt	9.	Upon receipt of OMB approved SF-132, record appropriation enactment for the grant fund in HUDCAPS.	SF-132 HUDCAPS	OCFO	Annually (will be revised during FY)
	10.	Record apportionment line items and record resources in HUDCAPS.		OCFO	
	11.	Prepare/approve allotment of funds (via HUD 158) to CPD and other assistant secretaries.	HUD-158	CFO and CPD Budget staffs	Annually (will be revised during FY)
Approved HUD 158	12.	Record allotment of funds in HUDCAPS.	HUD-158 HUDCAPS	CFO Budget Office	Annually (will be revised during FY)
	13.	Prepare sub allotment using B6 and prepare assignment of funds via HUD 185 or in some cases, prepared electronically and sent to OCFO for transmission to HUDCAPS.	HUD 185 HUDCAPS	CPD Budget and SDED Staff	Annually

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Approved HUD 185	14.	Record HUDCAPS B6 budgetary entry and record the approved assignment of funds via HUD 185	HUD 185 HUDCAPS	CPD Budget Staff	Annually-will be revised during FY
Approved HUD 185	15.	HUDCAPS sends sub assignment level information to PAS as funds available for commitment and obligation (for fund control purposes). This is done via the HUDCAPS to PAS (H2P) interface.	HUDCAPS PAS	System Generated	Annually-will be revised during FY
	16.	Issue electronic reservations for formula grantees on form HUD 718.	HUD 718	CPD/SDED Program staff	As needed
Approved HUD 718	17.	OCFO Systems receive files of approved reservations. OCFO Systems electronically uploads file of reservations into PAS. In some cases, adjustments to reservations may be entered manually by CFO-AC.	PAS	OCFO CFO-AC	Annually and As needed
	18.	Reservations are sent to HUDCAPS by PAS via the P2H interface for posting to general ledger and fund control tables.	HUDCAPS	System Generated	Each business night
Approved HUD 718	19.	Grantees and CPD agree on and sign contract or grant agreement, which represents an obligation to HUD. Note: Grantees must submit consolidated plans for usage of funds that must be approved by CPD prior to signing contract or agreement.	Contract or grant agreement	CPD Program Officials and Grantees	As needed
Signed Grant Agreement	20.	CPD staff sends signed grant agreements to CFO-AC. CFO-AC records all signed grant agreements in PAS. PAS sends agreement/obligation information via interface to LOCCS for use in controlling drawdowns.	LOCCS PAS	CFO-AC	As needed
Signed Grant Agreement	21.	Record vendor information for grantees (if new). This includes banking (ACH) information.	IDIS LOCCS	CFO-AC Grantee	As needed
	22.	LOCCS sends information to IDIS via interface.	LOCCS IDIS	System Generated	Each business night
	23.	PAS sends contract/obligation information via the P2H interface to HUDCAPS for posting to general ledger and fund control tables.	PAS HUDCAPS	System Generated	Each business night
	24.	Grantee submits request for payment through IDIS. Occasionally, manual payment requests can also be initiated in LOCCS by HUD, in which case LOCCS sends payment information to IDIS.	IDIS	Grantee	As needed
Payment Request	25.	IDIS transmits via interface the approved payment request to	IDIS	System generated	Each business night

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		LOCCS. This step does not apply for manual payments.	LOCCS		
	26.	LOCCS performs edits and validation checks. That night, LOCCS submits approved payments to Treasury. LOCCS notifies IDIS and PAS via interface of payments sent to Treasury.	PAS IDIS LOCCS	System generated	Each business night
	27.	PAS, in turn, transmits these payments (as confirmed by Treasury) to HUDCAPS via the P2H interface for posting to general ledger and other appropriate (e.g., fund control, SF-224) tables. LOCCS, PAS, and IDIS update project records with the payment information.	PAS IDIS LOCCS HUDCAPS	System generated	Each business night
FMS-145-Schedule of Cancelled EFTs	28.	Occasionally, Treasury will reject a payment and will issue an FMS-145 to HUD. CFO-AC will post the FMS-145, reinstating the un-liquidated balance in LOCCS. LOCCS information is transmitted to IDIS and PAS. PAS transmits these rejections to HUDCAPS via the P2H interface for posting to general ledger and other appropriate tables.	LOCCS IDIS PAS HUDCAPS	CFO-AC	As needed
Adjustments	29.	Occasionally, HUD will identify the need for an adjustment. CFO-AC will record the adjustment in LOCCS. LOCCS information is transmitted to IDIS and PAS. PAS transmits these adjustment to HUDCAPS via the P2H interface for posting to general ledger and other appropriate tables	LOCCS IDIS PAS HUDCAPS	CFO-AC	As needed
Month-end	30.	Review payments in GOALS (Treasury system) to ensure that all payments in step above have been confirmed by Treasury in the month sent. If payments have not been confirmed, an “in-transit” entry is posted to HUDCAPS (only). This entry is reversed in the following month.	HUDCAPS	CFO-AC	Monthly
Return of Payment	31.	Occasionally, a return of payment occurs and a refund of the money from the grantee is requested by CPD. This can arise from monitoring, review IDIS data, etc.	IDIS	CPD Program staff	Occasionally (as needed)
	32.	Receivable is recorded in LOCCS. LOCCS notifies PAS and IDIS via interface.	LOCCS PAS IDIS	CFO-AC	Each business night
	33.	PAS, in turn, transmits these receivables to HUDCAPS via the P2H interface for posting to general ledger tables.	HUDCAPS PAS	System Generated	Each business night

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Collection	34.	Collection is recorded in LOCCS. The collection will increase the un-liquidated obligation balance of the grant in IDIS. LOCCS notifies IDIS and PAS via interface of collections. Note: some collections are not returned to the un-liquidated obligation balance but are returned to Treasury due to program rules and regulations. The process for these collections is covered in the Miscellaneous funds business process.	LOCCS IDIS PAS	CFO-AC	Each business night
	35.	PAS, in turn, transmits these collections to HUDCAPS via the P2H interface for posting to general ledger and other appropriate (e.g., fund control, SF-224) tables.	PAS HUDCAPS	System Generated	Each business night
	36.	LOCCS, PAS, and IDIS update project records with the information. (In practice, the receivable and collection are often done simultaneously. There are also other receivables (e.g., audit findings) that are handled just like the past 3 steps. We did not spell out all receivables as they are handled the same way.	LOCCS PAS IDIS	System Generated	Each business night
De-obligation	37.	De-obligations are recorded in PAS. CPD program staff determines if de-obligation is by: <ul style="list-style-type: none"> • Cancellation (occurs in same FY as original obligation) meaning that available funds remain available for future obligation in the program; Or: • Recapture (obligation occurs in prior fiscal year) meaning funds revert back to apportionment level and are not available until reapportioned. For unexpired appropriations, funding will eventually be made available in the current source year. <p>NOTE – For HOME Programs, IDIS may be manually updated with de-obligation to prevent additional grantee drawdown. IDIS records the de-obligation information prior to recording the actual de-obligation in PAS.</p>	PAS IDIS	CPD program staff	Occasionally (as needed)
	38.	PAS notifies LOCCS via interface of the de-obligation. LOCCS then notifies IDIS.	LOCCS, PAS, IDIS	System Generated	Each business night
	39.	PAS notifies HUDCAPS via the P2H interface for posting to general ledger and fund control tables. HUDCAPS generates a series of system transactions moving funding to current source year for reapportionment.	PAS, HUDCAPS	System Generated	Each business night

Diagram 4-22 Administer Grant Programs using IDIS



4.2.2 Administer Grant Programs

The Grant Program business process explains the life cycle of both formula and competitive grants that use the Program Accounting System (PAS) and the Line of Credit Control System (LOCCS) and no other feeder systems. This is the life cycle of grants for all offices – Community Planning and Development (CPD), Public and Indian Housing (PIH), Office of Housing (OH), Policy Development and Research (PD&R), Fair Housing and Equal Opportunity (FHEO) and Healthy Homes and Lead Housing Control (HH and LHC).

Table 4-24 Administer Grant Programs Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Presentation of the Presidents Budget	1. – 6.	Refer to Budget Formulation Process		OMB	Annually (may be revised during FY)
Continuing Resolution/Public Law	7.	Prepare apportionment/reapportionment schedule request for the applicable grant funds. This request is submitted to OMB.	SF-132	CFO and Program Area Budget staffs	Annually (will be revised during FY)
Receipt of OMB Approved SF-132	8.	Receive approved OMB SF-132	SF-132	OCFO	Annually (will be revised during FY)
	9.	Upon receipt of OMB approved SF-132, record appropriation enactment for the grant fund in HUDCAPS.	SF-132 HUDCAPS	OCFO	Annually (will be revised during FY)
	10.	Record apportionment line items and record resources in HUDCAPS.	SF-132 HUDCAPS	OCFO	Annually (will be revised during FY)
	11.	Prepare/approve allotment of funds (via HUD 158) to applicable assistant secretaries.	HUD-158	CFO and Program Area Budget staffs	Annually (will be revised during FY)
Approved HUD 158	12.	Record allotment of funds in HUDCAPS. Note: There is an external to core accounting, grant award process that could involve advertising in the Federal Register to start the competitive process. Other HUD grant programs will vary from this process.	HUD-158 HUDCAPS	CFO Budget Office	Annually (will be revised during FY)
	13.	Prepare sub-allotment of funds (B6) and prepare assignment of funds via HUD 185 (and as needed sub-assignment via HUD 185.1) Note: For some programs, this process does not take place until after award process is completed.	HUD 185 (and 185.1 as needed)	Program Area Budget Office	Annually (will be revised during FY)
Approved HUD	14.	Record the sub-allotment of funds (B6) and record the	HUD 185 (and	Program Area	Annually (will be

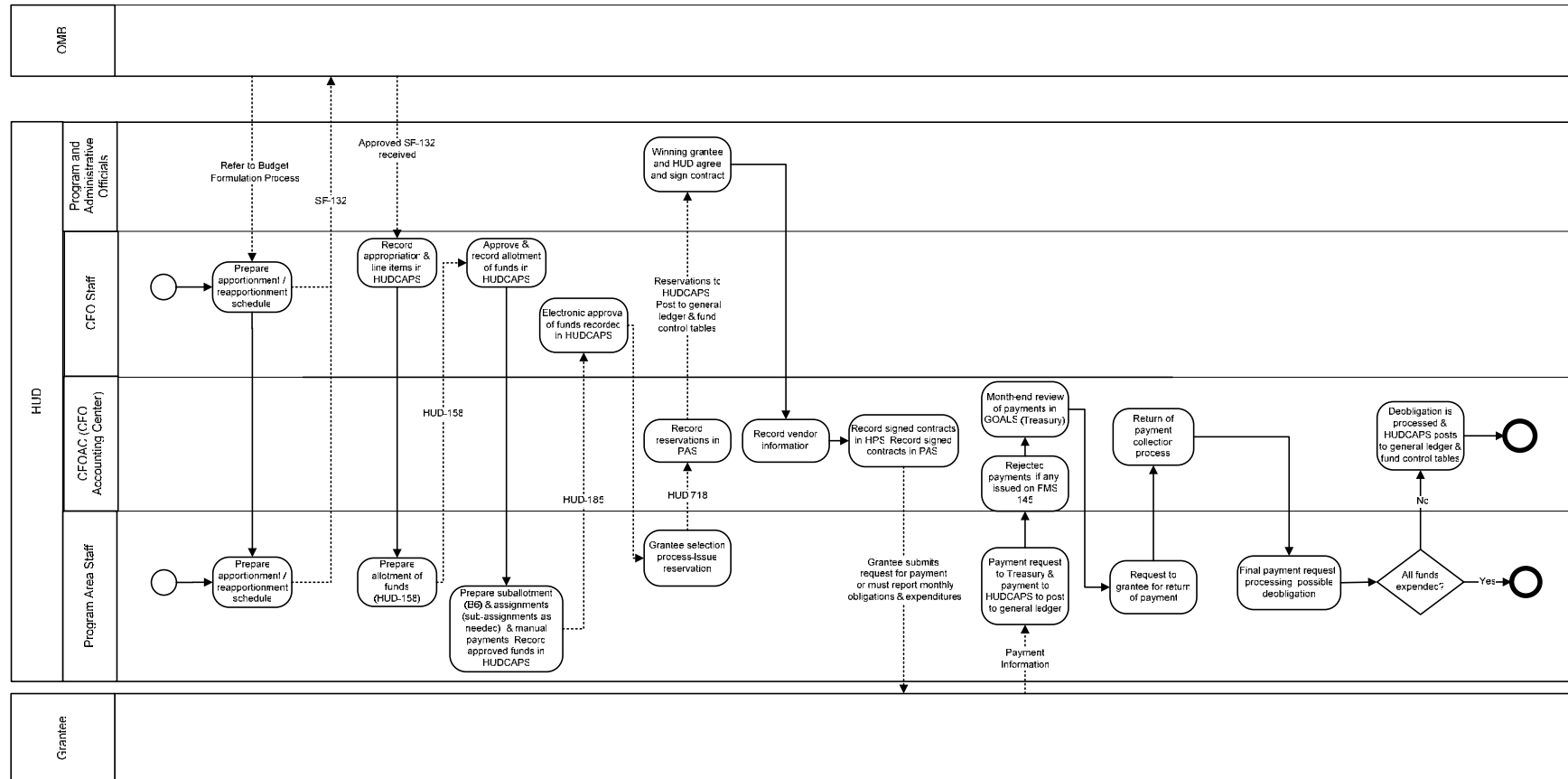
Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
185 (and 185.1 as needed)		approved assignment of funds via HUD 185 (and as needed sub-assignment via HUD 185.1)	185.1 as needed) HUDCAPS	Budget Office	revised during FY)
Approved HUD 185 (and 185.1 as needed)	15.	HUDCAPS sends sub-assignment level information to PAS as funds available for commitment and obligation (for funds control purposes). This is done via the HUDCAPS to PAS (H2P) interface.	HUDCAPS PAS	System Generated	Annually (will be revised during FY)
Selection of grantees-competitive process	16a.	Complete the selection of grantee process which is external to core accounting. Issue reservation to selected grantees on form HUD 718. Some HUD grant programs will vary from this process. Technical Assistance programs awarded through contracts will be processed in HPS.	Various HUD systems – e.g. SNAPS, HOPE3 and in some cases, manual processes	Program Area staff	Annually (as funding permits may be second round during FY)
Procurement	16b.	For some funds awarded through contracts, select a winning contract through the normal procurement process and process through HPS.	HPS	Program Area Staff	As needed
Approved HUD 718	17.	Record all reservations in PAS. For certain HUD programs, an electronic file is provided to OCFO and is uploaded to PAS.	PAS	CFO-AC OCFO	As needed
	18.	Reservations are sent to HUDCAPS by PAS via the P2H interface for posting to general ledger and fund control tables.	HUDCAPS PAS	System Generated	Each business night
Obligating document	19.	Winning grantees and HUD agree on and sign contract or grant agreement which represents an obligation to HUD.		Program Area Officials and Grantees	As needed
Obligating document	20.	Record vendor information for new winning grantees. This includes banking (ACH) information.	LOCCS	CFO-AC	As needed
Signed contract	21.	Record signed contracts in HPS. Record all signed contracts in PAS. PAS sends contract/obligation information via interface to LOCCS for use in controlling drawdowns.	PAS LOCCS HPS	CFO-AC System Generated	Each business night
	22.	PAS also sends contract/obligation information via the P2H interface to HUDCAPS for posting to general ledger and fund control tables.	PAS HUDCAPS	System generated	Each business night

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	23.	Grantee submits request for payment through LOCCS. NOTE: Some requests require a GTR or program approval. For some programs, HUD may initiate a payment schedule and will record it in LOCCS. The payment schedule automatically generates appropriate (monthly, quarterly, semi-annually) payments to grantees. Occasionally, HUD may initiate manual payments in LOCCS.	LOCCS	Grantee	As needed
	24.	For certain programs, Housing authorities must report monthly obligations and expenditure information. The grantee will enter this information into LOCCS via eLOCCS. If the information is not entered by the monthly deadline, LOCCS will prevent grantee from obtaining funds. This is in accordance with program rules and regulations.	LOCCS eLOCCS	Grantee	Monthly
Payment Request	25.	LOCCS performs edits and validation checks. LOCCS submits approved payments to Treasury in accordance with program rules. LOCCS notifies PAS via interface of payments sent to Treasury.	LOCCS PAS	System Generated	As needed
FMS-145- Schedule of Cancelled EFTs	26.	PAS, in turn, transmits these payments (as confirmed by Treasury) to HUDCAPS via the P2H interface for posting to general ledger and other appropriate (e.g., fund control, SF-224) tables. LOCCS and PAS update project records with the payment information.	PAS HUDCAPS LOCCS	System Generated	As needed
	27.	Occasionally, Treasury rejects a payment and will issue an FMS 145 to HUD rejecting the payment. CFO-AC will post the FMS 145 reinstating the un-liquidated obligation balance in LOCCS. LOCCS information is transmitted to PAS and PAS transmits these rejections via the P2H interface to HUDCAPS for posting to general ledger and other appropriate tables.	LOCCS PAS HUDCAPS	CFO-AC	As needed
Month-end	28.	Review payments in GOALS (Treasury system) to ensure that all payments in step above have been confirmed by Treasury in the month sent. If payments have not been confirmed, an “in-transit” entry is posted to HUDCAPS (only). This entry is reversed in the following month.	HUDCAPS	CFO-AC	Monthly
Return of payment	29.	Occasionally, a return of payment occurs and a refund of		Program Area staff	Occasionally (as

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		the money from the grantee is requested by HUD. This can arise from monitoring, review LOCCS data, etc.			needed)
	30.	Receivable is recorded in LOCCS. LOCCS notifies PAS via interface.	LOCCS PAS	CFO-AC	Each business night
	31.	PAS, in turn, transmits these receivables to HUDCAPS via the P2H interface for posting to general ledger tables.	HUDCAPS PAS	System generated	Each business night
Collection	32.	Return of payment collection is recorded in LOCCS. LOCCS notifies PAS via interface of collections.	LOCCS PAS	CFO-AC	Each business night
	33.	PAS, in turn, transmits these collections to HUDCAPS via the P2H interface for posting to general ledger and other appropriate (e.g., fund control, SF-224) tables.	PAS HUDCAPS	System generated	Each business night
	34.	LOCCS, PAS update project records with the information. Note: (In practice, the receivable and collection are often done simultaneously. There are also other receivables (e.g., audit findings) that are handled just like the past 3 steps.	LOCCS PAS	System generated	Each business night
End of Contract/ Agreement	35.	At the end of a contract/grant agreement, HUD program staff will review LOCCS records and determine if all funds have been expended. If not, a de-obligation will be processed. In some cases, there are audits, specific contract requirements or grant closeout procedures that must be followed.	LOCCS	Program Area staff	Occasionally (as needed)
De-obligation	36.	De-obligations are recorded in PAS. Program area staff determines if de-obligation is a: <ul style="list-style-type: none"> • Cancellation (occurs in same FY as original obligation) - meaning that available funds remain available for future obligation in the program. Or • Recapture- (obligation occurs in prior fiscal years) - meaning funds revert back to apportionment level and are not available until reapportioned. For unexpired appropriations, funding will eventually be made available in the current source year. 	PAS	Program area staff	Occasionally (as needed)
	37.	LOCCS notifies PAS via interface of the de-obligation.	LOCCS	System generated	Each business night

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	38.	PAS notifies HUDCAPS via the P2H interface for posting to general ledger and fund control tables. HUDCAPS generates a series of system transactions moving funding to current source year for reapportionment.	PAS HUDCAPS	System generated	Each business night

Diagram 4-23 Administer Grant Programs



4.2.3 Administer Housing Subsidies using TRACS

This process describes subsidy programs in the Office of Housing (OH) that provide low income tenants with affordable housing through subsidized rents. Determination of tenant eligibility and calculation of the subsidy amounts is processed in Tenant Rental Assistance Certification System (TRACS).

Table 4-25 Administer Housing Subsidies using TRACS Activity Steps

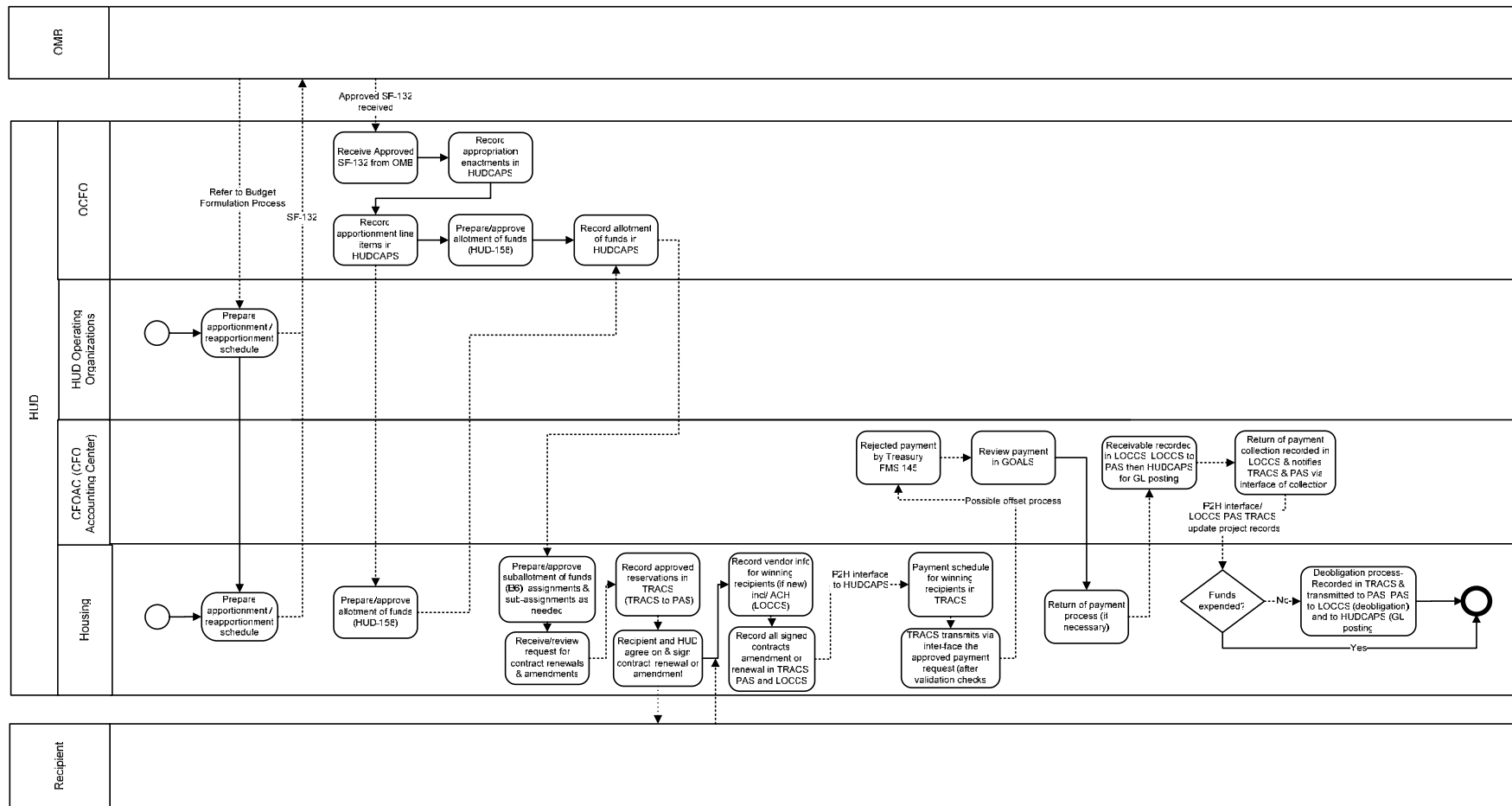
Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Presentation of the Presidents Budget	1. – 6.	Refer to Budget Formulation process		OMB	Annually (may be revised during FY)
Continuing Resolution/Public Law	7.	Prepare apportionment/reapportionment schedule request for the applicable subsidy funds. This request is submitted to OMB.	SF-132	CFO and Housing Budget staffs	Annually (may be revised during FY)
Receipt of OMB Approved SF-132	8.	Receive Approved OMB SF-132	SF-132	OCFO	Annually (may be revised during FY)
	9.	Upon receipt of OMB approved SF-132, record appropriation enactment for the subsidy fund in HUDCAPS.	SF-132 HUDCAPS	OCFO	Annually (may be revised during FY)
	10.	Record apportionment line items and record resources in HUDCAPS.	SF-132 HUDCAPS		
	11.	Prepare/approve allotment of funds (via HUD 158) to Housing and other applicable secretaries.	HUD-158	CFO and Housing Budget Staffs	Annually (may be revised during FY)
Approved HUD 158	12.	Record allotment of funds in HUDCAPS.	HUD-158 HUDCAPS	CFO Budget Office	Annually (may be revised during FY)
	13.	Prepare sub-allotment of funds (B6) and prepare assignment of funds via HUD 185 (and as needed sub-assignment via HUD 185.1)	HUD 185 and 185.1	Housing Budget Office	As needed; will be at least once a year but likely several times.
Approved HUD 185 (and 185.1 as needed)	14.	Record the sub-allotment of funds in HUDCAPS and record the approved assignment of funds via HUD 185 (and as needed sub-assignment via HUD 185.1)	HUD 185 and 185.1 HUDCAPS	Housing Budget Office	As needed; will be at least once a year but likely several times.

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Approved HUD 185 (and 185.1 as needed) interface to PAS from HUDCAPS	15.	HUDCAPS sends sub-assignment level information to PAS as funds available for commitment and obligation (for funds control purposes). This is done via the HUDCAPS to PAS (H2P) interface.	HUDCAPS PAS	System Generated	Nightly
Contract renewal/ amendments	16.	Receive and review, according to program rules, requests for contracts renewals and amendments.	TRACS	Housing Program Area Staff	As needed
Approved reservation	17.	Record all approved reservations in TRACS. TRACS transmits the approved reservation which will be recorded in PAS.	TRACS PAS	Housing Program Area Staff	Nightly
	18.	Reservations are sent to HUDCAPS by PAS via the P2H interface for posting to general ledger and fund control tables.	HUDCAPS PAS	System Generated	Nightly
	19.	Recipients and HUD agree on and sign contract, renewal or amendment.		Housing Program Officials and Recipients	As needed
Approved contract, amendment or renewal	20.	Record vendor information for winning recipients (if new). This includes banking (ACH) information.	LOCCS TRACS	Housing	As needed
Signed contract, amendment or renewal	21.	Record all signed contracts in TRACS. TRACS sends contract/obligation information via interface to PAS and LOCCS for use in controlling drawdowns.	PAS LOCCS TRACS	Housing Program Area Staff System Generated	Nightly
	22.	PAS also sends contract/obligation information via the P2H interface to HUDCAPS for posting to general ledger and fund control tables.	PAS HUDCAPS	System Generated	Nightly
	23.	Payment schedule for winning recipients established in TRACS.	TRACS	Housing Program Area Staff	As needed
Monthly payment schedule	24.	TRACS transmits via interface the approved payment request for the month. LOCCS performs edits and validation checks.	PAS, TRACS, LOCCS	System generated	Monthly (semi-monthly if adjustments made)
	25.	LOCCS compares payments to list of projects for Section 202/Section 8 offset. If payments are on offset list, it is flagged for offset instead of payment by Treasury. (Note – If payment amount is larger than offset amount, it will be both). LOCCS notifies LAS of offset payments. LOCCS notifies TRACS and PAS via interface of offset payments.	LOCCS LAS PAS TRACS	System generated	Monthly
	26.	LOCCS submits approved payments to Treasury in accordance	LOCCS	System generated	Monthly

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		with program rules. LOCCS notifies TRACS and PAS via interface of payments sent to Treasury.	PAS TRACS		
Monthly payment schedule	27.	PAS, in turn, transmits offsets and Treasury payments (as confirmed by Treasury) to HUDCAPS via the P2H interface for posting to general ledger and other appropriate (e.g., fund control, SF-224) tables. LOCCS, PAS and TRACS update project records with the payment information.	LOCCS PAS TRACS HUDCAPS	System generated	Monthly
FMS-145-Schedule of cancelled EFTs	28.	Occasionally, Treasury will reject a payment and will issue an FMS-145 to HUD. CFO-AC will post the FMS-145, reinstating the un-liquidated balance in LOCCS. LOCCS information is transmitted to TRACS and PAS. PAS transmits these rejections to HUDCAPS via the P2H interface for posting to general ledger and other appropriate tables.	LOCCS PAS TRACS HUDCAPS	CFO-AC	As needed
Month-end	29.	Review payments in GOALS (Treasury system) to ensure that all payments in step above have been confirmed by Treasury in the month sent. If payments have not been confirmed, an “in-transit” entry is posted to HUDCAPS (only). This entry is reversed in the following month.	HUDCAPS	CFO-AC	Monthly
Return of payment	30.	Occasionally, return of payment occurs and a refund of the money from the recipient is requested by Housing Program Staff. This can arise from owner notification, monitoring, review TRACS data, etc. Housing Program Staff defines repayment with owner.	TRACS	Housing Program Area Staff	Occasionally (as needed)
	31.	Refund receivable is recorded in LOCCS by CFO-AC (with copy to original field office staff). LOCCS notifies PAS via interface. PAS, in turn, transmits these receivables to HUDCAPS via the P2H interface for posting to general ledger tables.	LOCCS PAS HUDCAPS	CFO-AC	Occasionally (as needed)
Collection	32.	Receivable collection is recorded in LOCCS. LOCCS notifies TRACS and PAS via interface of collections.	LOCCS PAS TRACS	CFO-AC	Occasionally (as needed)
	33.	PAS, in turn, transmits these collections to HUDCAPS via the P2H interface for posting to general ledger and other appropriate (e.g., fund control, SF-224) tables.	PAS HUDCAPS	System generated	Occasionally (as needed)

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	34.	LOCCS, PAS, and TRACS update project records with the information. Note: In practice, the receivable and collection are often done simultaneously. There are also other receivables (e.g., audit findings) that are handled just like the past 3 steps.	LOCCS PAS TRACS	System generated	Occasionally (as needed)
End of contract	35.	At the end of the contract, Housing program staff will review LOCCS and TRACS records and determine if all funds have been expended. If not, a de-obligation will be processed.	TRACS LOCCS	Housing Program Area Staff	Occasionally (as needed)
De-obligation	36.	De-obligations are recorded in TRACS and transmitted to PAS. Housing program staff determines if de-obligation is a: <ul style="list-style-type: none"> • Cancellation (occurs in same FY as original obligation) - meaning that available funds remain available for future obligation in the program. Or • Recapture – (obligation occurs in prior fiscal year) - meaning funds revert back to apportionment level and are not available until reapportioned. For unexpired appropriations, funding will eventually be made available in the current source year. 	PAS, TRACS	Housing Program Staff	Occasionally (as needed)
	37.	PAS notifies LOCCS via interface of the de-obligation.	LOCCS PAS	System generated	Nightly
	38.	PAS notifies HUDCAPS via the P2H interface for posting to general ledger and fund control tables. HUDCAPS generates a series of system transactions moving funding to current source year for reapportionment.	PAS HUDCAPS	System generated	Nightly

Diagram 4-24 Administer Housing Subsidies using TRACS Process



4.2.4 Administer Section 235 and 236 Subsidy Programs

Section 235, Section 236 Rental Assistance Program (RAP), and 236 Interest Reduction Program (IRP) in the Office of Housing are subsidy programs designed to increase affordable housing ownership for low income persons by subsidizing mortgage payments. These programs currently receive no new funding; however, they do receive an SF-132 each year.

Table 4-26 Administer Section 235 and 236 Subsidy Programs Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Preparation of the Presidents Budget	1. – 6.	See Budget Formulation Process		OMB	Annually
Continuing Resolution/Public Law	7.	Prepare apportionment/reapportionment schedule request for the applicable subsidy funds. This request is submitted to OMB.	SF-132	CFO, Housing and Budget staffs	Annually (may be revised during FY)
Receipt of OMB Approved SF-132	8.	Receive Approved OMB SF-132	SF-132	OCFO	Annually (may be revised during FY)
	9.	Upon receipt of OMB approved SF-132, record apportionment line items and record resources in HUDCAPS.	SF-132 HUDCAPS-GL Only	OCFO	Annually (may be revised during FY)
	10.	Prepare/approve allotment of funds (via HUD 158) to Housing, and applicable assistant secretaries.	HUD-158	CFO, Housing and Budget staffs	Annually (may be revised during FY)
Approved HUD 158	11.	Record allotment of funds in HUDCAPS.	HUD-158 HUDCAPS-GL Only	OCFO	Annually (may be revised during FY)
	12.	Recipients submit request for payment to HUD.		Recipients	As needed
Section 235 Payment Request	13.	If request is for Section 235, OCFO enters the payment request into SAVE.	SAVE	OCFO	As needed
	14.	SAVE performs limited edit checks. SAVE transmits approved payment request to LOCCS via interface and adds banking information.	SAVE LOCCS	System generated	As needed

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	15.	LOCCS submits approved payments to Treasury in accordance with program rules. Note: A few Section 235 properties are held by FHA. In these cases, OCFO issues an IPAC instead of requesting payment from Treasury.	LOCCS	System generated	As needed
	16.	After Treasury confirmation, OCFO records payment in HUDCAPS for posting to general ledger and other appropriate tables.	HUDCAPS	System generated	As needed
Section 236 IRP Payment Request	17.	If request is for Section 236 IRP, OCFO manually reviews payment request. If request is valid, OCFO issues a manual SF-1166 requesting payment by Treasury. Note: A few Section 236 IRP properties are held by FHA. In these cases, OCFO issues an IPAC instead of requesting payment from Treasury.		OCFO	As needed
	18.	After Treasury confirmation, OCFO records payment in HUDCAPS for posting to general ledger and other appropriate tables.	HUDCAPS	OCFO	As needed
Section 236 RAP Payments	19.	Section 236 RAP payments are process in TRACS on a monthly schedule. TRACS transmits via monthly interface the approved Section 236 RAP payment requests to LOCCS	TRACS LOCCS	System generated	Monthly
	20.	LOCCS performs edits/validation checks. LOCCS submits approved payments to Treasury in accordance with program rules. LOCCS notifies TRACS and PAS via interface of payments sent to Treasury.	LOCCS PAS TRACS	System generated	Monthly
	21.	PAS transmits these payments (as confirmed by Treasury) to HUDCAPS via the P2H interface for posting to general ledger and other appropriate (e.g. SF-224) tables. LOCCS, PAS and TRACS update project records with the payment information.	PAS HUDCAPS LOCCS TRACS	System generated	Monthly
FMS-145-Schedule of cancelled EFTs	22.	Occasionally, Treasury will reject a payment and will issue an FMS-145 to HUD. OCFO will post the FMS-145, reinstating the un-liquidated balance in LOCCS. LOCCS information is transmitted to PAS. PAS transmits these rejections to HUDCAPS via the P2H interface for posting to general ledger and other appropriate tables. This applies to Section 235 only.	LOCCS PAS HUDCAPS	OCFO	As needed

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Month-end	23.	Review payments in GOALS (Treasury system) to ensure that all payments in step above have been confirmed by Treasury in the month sent. If payments have not been confirmed, an “in-transit” entry is posted to HUDCAPS (only). This entry is reversed in the following month.	HUDCAPS-GL Only	OCFO	Monthly
Return of payment	24.	Occasionally, a return of payment occurs and a refund of the money from the recipient is requested by HUD. This can arise from monitoring, review of LOCCS data, tenant ineligibility, etc.	LOCCS	Housing Program Area staff	As needed
	25.	Receivable is recorded in LOCCS. LOCCS notifies PAS via interface of receivables. PAS, in turn, transmits these receivables to HUDCAPS via the P2H interface for posting to general ledger tables.	LOCCS PAS HUDCAPS-GL Only	OCFO	As needed
Collection	26.	Collection of receivable is recorded in LOCCS. LOCCS notifies PAS via interface of collections. PAS, in turn, transmits these collections to HUDCAPS via the P2H interface for posting to general ledger and other appropriate (e.g. SF-224) tables. LOCCS and PAS update the project records with the information.	LOCCS PAS HUDCAPS	OCFO	As needed
Termination of Subsidy	27.	After the subsidy is terminated, Housing program staff will review LOCCS records and determine if all funds have been expended. If not, a de-obligation will be processed. Note: A subsidy can terminate at the end of a contract, agreement, at the end of a mortgage or the sale of the associated property.	LOCCS	Housing Program Area staff	As needed
De-obligation	28.	De-obligations (recaptures) are recorded in HUDCAPS which then posts it to general ledger.	HUDCAPS-GL Only	OCFO	As needed
Annual review of obligated balance-Section 235	29.	Once per year, review general ledger obligated and expended balances and compare with FHA 235 Active Report. If unliquidated obligation balance appears to be in excess of the estimated amount required for the run-out period, withdraw the excess. Record general ledger adjustments in HUDCAPS.	HUDCAPS-GL Only	OCFO	Annually



4.2.5 Administer Section 8 Subsidy Programs

Section 8 Subsidy Programs are programs to assist low income tenants in paying rents. The Section 8 Subsidy business processes are described below for some Community Planning and Development (CPD), Public and Indian Housing (PIH), Policy Development and Research (PD&R) and Office of Housing (OH) Section 8 Subsidy Programs.

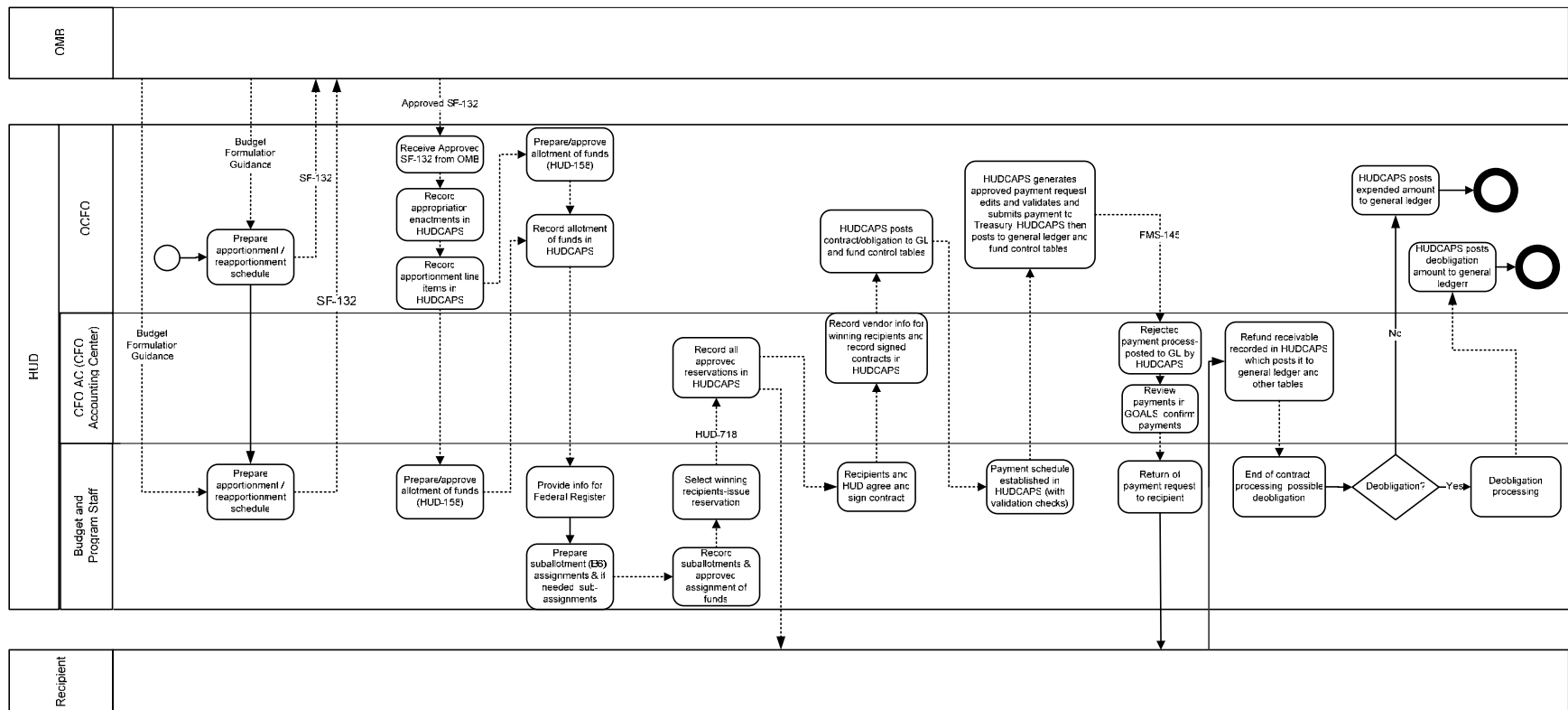
Table 4-27 Administer Section 8 Subsidy Programs Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Preparation of the Presidents Budget	1. – 6.	See Budget Formulation Process		OMB	Annually
Continuing Resolution/Public Law	7.	Prepare apportionment/reapportionment schedule request for the applicable subsidy funds. This request is submitted to OMB.	SF-132	CFO and Budget Office	Annually (may be revised during FY)
Receipt of OMB Approved SF-132	8.	Receive Approved OMB SF-132	SF-132	OCFO	Annually (may be revised during FY)
	9.	Upon receipt of OMB approved SF-132, record appropriation enactment for the fund in HUDCAPS.	SF-132 HUDCAPS	OCFO	Annually (may be revised during FY)
	10.	Record apportionment line items and record resources in HUDCAPS.	SF-132 HUDCAPS	OCFO	Annually (may be revised during FY)
	11.	Prepare/approve allotment of funds (via HUD 158) to budget offices and other applicable assistant secretaries.	HUD-158	CFO and Budget Office	Annually (may be revised during FY)
Approved HUD 158	12.	Record allotment of funds in HUDCAPS.	HUD-158 HUDCAPS	CFO Budget Office	Annually (may be revised during FY)
	13.	There is a process that is external to the core accounting process, which could involve advertising in the Federal Register to start the competitive process		Program Area Staff	Annually (may be revised during FY)
	14.	Prepare sub-allotment of funds (B6) and prepare assignment of funds via HUD 185 (and as needed sub-assignment via HUD 185.1)	HUD 185 and 185.1	Budget Office	As needed; will be at least once a year but likely several times.

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Approved HUD 185 (and 185.1 as needed)	15.	Record sub-allotment of funds in HUDCAPS and record the approved assignment of funds via HUD 185 (and as needed sub-assignment via HUD 185.1)	HUD 185 and 185.1 HUDCAPS	Budget Office	As needed; will be at least once a year but likely several times.
	16.	Complete selection of winning recipients. Issue reservation to selected recipients on form HUD 718.	Various program systems	Program Area Staff	Annually (as funding permits may be second round during FY)
Approved HUD 718	17.	Record all approved reservations in HUDCAPS.	HUDCAPS	CFO-AC	As needed
Approved 718	18.	Recipients and HUD agree on and sign contract which represents an obligation to HUD.	HUD 718	Program Officials and Recipients	As needed
Approved Contract	19.	Record vendor information for winning recipients (if new). This includes banking (ACH) information.	HUDCAPS	CFO-AC	As needed
Signed contract	20.	Record all signed contracts in HUDCAPS.	HUDCAPS	CFO-AC	As needed
	21.	HUDCAPS posts contract/obligation information to general ledger and fund control tables.	HUDCAPS	System Generated	Nightly
	22.	Payment schedule for recipients established in HUDCAPS.	HUDCAPS	System generated	As needed
Monthly payment schedule	23.	HUDCAPS generates the approved payment request for the month. HUDCAPS performs edits and validation checks.	HUDCAPS	System generated	Monthly (semi-monthly if adjustments needed)
	24.	HUDCAPS submits approved payments to Treasury in accordance with program rules. HUDCAPS posts to general ledger and other appropriate (e.g., fund control, SF-224) tables.	HUDCAPS	System generated	Monthly (semi-monthly if adjustments needed)
FMS-145-Schedule of cancelled EFTs	25.	Occasionally, Treasury will reject a payment and will issue a FMS-145 to HUD. CFO-AC will post the FMS-145, reinstating the un-liquidated balance in HUDCAPS. Rejections are posted to HUDCAPS general ledger and other appropriate tables.	HUDCAPS	CFO-AC	As needed
Month-end	26.	Review payments in GOALS (Treasury system) to ensure that all payments in step above have been confirmed by Treasury. Post confirmed payments in HUDCAPS.	HUDCAPS	CFO-AC	As needed
Return of Payment	27.	Occasionally, a refund of the money from the recipient is requested by program area staff. This can arise from monitoring, review HUDCAPS data, etc.	HUDCAPS	Program Area Staff	Occasionally (as needed)
	28.	Refund receivable is recorded in HUDCAPS.	HUDCAPS	CFO-AC	Occasionally (as

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
					.needed)
Collection	29.	Return of payment collection is recorded in HUDCAPS. HUDCAPS posts to general ledger, project and other appropriate tables. Note: In practice, the receivable and collection are often done simultaneously. There are also other receivables (e.g., audit findings) that are handled just like the past 3 steps.	HUDCAPS	CFO-AC	Occasionally (as needed)
End of contract	30.	At the end of the contract, HUD program staff will review HUDCAPS records and determine if all funds have been expended. If not, a de-obligation will be processed. Note: For some Section 8 Programs, an annual review of obligations and expenditures is performed instead.	HUDCAPS	Program Area Staff	Occasionally (as needed)
De-obligation	31.	De-obligations are recorded in HUDCAPS. Program area staff determines if de-obligation is a : <ul style="list-style-type: none"> • Cancellation (occurs in same FY as original obligation) - meaning that available funds remain available for future obligation in the program. Or • Recapture (obligation occurs in prior fiscal year) - meaning funds revert back to apportionment level and are not available until reapportioned. For unexpired appropriations, funding will eventually be made available in the current source year. 	HUDCAPS	Program area staff	Cancellations processed as needed. Recaptures processed once per year.
	32.	HUDCAPS posts to general ledger and other appropriate tables. HUDCAPS generates a series of system transactions moving funding to current source year for reapportionment.	HUDCAPS	System Generated	As needed.

Diagram 4-26 Administer Section 8 Subsidy Programs



4.2.6 Administer Fund 0304 - Debt Service Programs

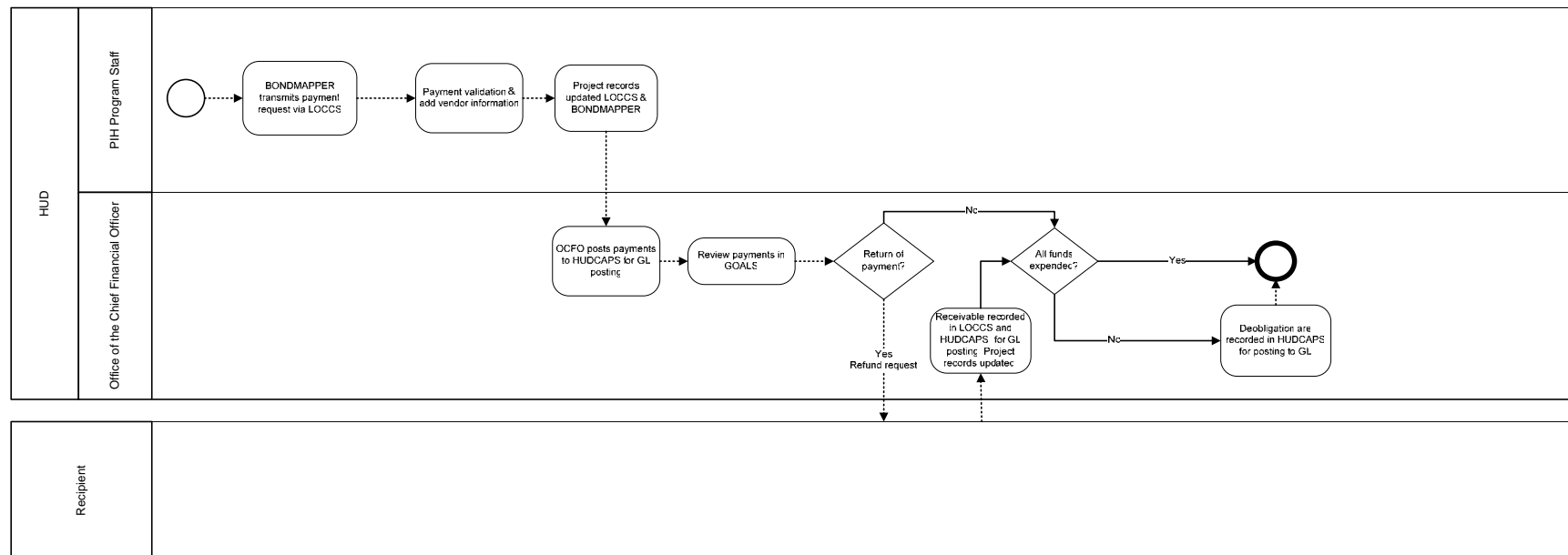
The Debt Service portion of fund 0304 (Public Housing Capital Fund) is the repayment of principal and interest on bonds issued many years ago that were used to build public housing projects. This program is in a liquidating phase.

Table 4-28 Administer Fund 0304 – Debt Service Programs Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Amortization schedule	1.	BONDMAPPER transmits debt service payment request via interface to LOCCS based on amortization schedule.	LOCCS BOND-MAPPER	System generated	As needed
	2.	LOCCS validates payment request and adds vendor information from vendor file. LOCCS submits approved payments to Treasury	LOCCS	System Generated	As needed
	3.	LOCCS and BONDMAPPER update project records with the payment information.	LOCCS BOND-MAPPER	System generated	As needed
	4.	OCFO posts these payments (as confirmed by Treasury) to HUDCAPS for posting to general ledger and other appropriate (e.g., SF-224) tables.	HUDCAPS	OCFO	As needed
Month-end	5.	Review payments in GOALS (Treasury system) to ensure that all payments in step above have been confirmed by Treasury in the month sent. If payments have not been confirmed, an “in-transit” entry is posted to HUDCAPS (only). This entry is reversed in the following month.	HUDCAPS	OCFO	Monthly
Return of payment	6.	Rarely, a return of payment occurs and a refund of the money from the grantee is requested by PIH or the fiscal agent. This arises from maturing of the bond.	LOCCS	OCFO	Rarely
	7.	Receivable is recorded in LOCCS and HUDCAPS. HUDCAPS posts to the general ledger.	LOCCS HUDCAPS	OCFO	Rarely
Collection	8.	Return of refund is recorded in LOCCS and HUDCAPS. HUDCAPS posts the collection to the general ledger and other	LOCCS HUDCAPS	OCFO	Rarely

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		appropriate (e.g. SF-224) tables. LOCCS and BONDMAPPER will update project records with the information.	BOND-MAPPER		
Maturity of the bond	9.	PIH program staff will review LOCCS and BONDMAPPER records and determine if all funds have been expended. If not, a de-obligation will be processed.	LOCCS	PIH Program staff	Rarely
De-obligation	10.	De-obligations are recorded in HUDCAPS. PIH Program staff and/or OCFO determines if de-obligation is a: <ul style="list-style-type: none"> • Cancellation (occurs in same FY as original obligation) meaning that available funds remain available for future obligation in the program. Or Recapture (obligation occurs in prior fiscal year) -meaning funds revert back to apportionment level and are not available until reappropriated.	LOCCS	OCFO PIH Program staff	Rarely
	11.	HUDCAPS posts the de-obligation to the general ledger. HUDCAPS generates a series of system transactions moving funding to current source year for reappropriation.	HUDCAPS	System generated	As needed

Diagram 4-27 Administer Fund 0304 – Debt Service Programs



4.2.7 Administer Section 202/811 Capital Grant Program

The Office of Housing (OH) Section 202/811 Capital Grant program awards grants to build housing for the elderly (Section 202) and persons with disabilities (Section 811). These are unique in that grants can be converted into loans under program regulations when foreclosure procedures occur. One such grant was converted into a loan and foreclosed in FY 2004.

Table 4-29 Administer Section 202/811 Capital Grant Program Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Presentation of the Presidents Budget	1. - 6.	Refer to Budget Formulation Process		OMB	Annually (may be revised during FY)
Continuing Resolution/Public Law	7.	Prepare apportionment/reapportionment schedule request for the applicable Section 202/811 funds. This request is submitted to OMB.	SF-132	CFO and Housing Budget staffs	Annually (may be revised during FY)
Receipt of OMB Approved SF-132	8.	Receive approved OMB SF-132	SF-132	OCFO	Annually (may be revised during FY)
	9.	Upon receipt of OMB approved SF-132, record appropriation enactment for the Section 202/811 fund in HUDCAPS.	SF-132 HUDCAPS	OCFO	Annually (may be revised during FY)
	10.	Record apportionment line items and record resources in HUDCAPS.	SF-132 HUDCAPS	OCFO	Annually (may be revised during FY)
	11.	Prepare/approve allotment of funds (via HUD 158) to applicable assistant secretaries.	HUD-158	CFO Budget staffs	Annually (may be revised during FY)
Approved HUD 158	12.	Record allotment of funds in HUDCAPS.	HUD-158 HUDCAPS	CFO Budget Office	Annually (may be revised during FY)
	13.	Begin awards process by providing information for advertising in The Federal Register the amount of Section 202/811 funds available this fiscal year.		Housing staff	Annually (may be revised during FY)
	14.	Prepare assignment of funds via HUD 185 (and as needed sub-assignment via HUD 185.1)	HUD 185 and 185.1	Housing Budget Office	As needed; will be at least once a year but likely several times.
Approved HUD 185 (and 185.1 as	15.	Record the approved assignment of funds via HUD 185 (and as needed sub-assignment via HUD 185.1)	HUD 185 and 185.1	Housing Budget Office	As needed; will be at least once a year but

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
needed)			HUDCAPS		likely several times.
Approved HUD 185 (and 185.1 as needed)	16.	HUDCAPS sends sub-assignment level information to PAS as funds available for commitment and obligation (for funds control purposes). This is done via the HUDCAPS to PAS (H2P) interface.	HUDCAPS PAS	System Generated	Nightly
Notice of Fund Availability (NOFA)	17	Receive, track, review and analyze (rank) applications received from potential recipients. Eventually, select winning applicants. Issue reservation to selected applicants on form HUD 718.	Various HUD systems – in some cases, manual processes	Housing staff	Annually (as funding permits may be second round during FY)
Approved HUD 718	18.	Record all reservations in PAS.	PAS	CFO-AC	As needed
	19.	Reservations are sent to HUDCAPS by PAS via the P2H interface for posting to general ledger and fund control tables.	HUDCAPS PAS	System Generated	Nightly
	20.	Winning recipients and HUD agree on and sign contract or agreement which represents an obligation to HUD.		Housing Program Area Officials and Recipients	As needed
Obligating document	21.	Record vendor information for new winning recipients. This includes banking (ACH) information.	LOCCS	CFO-AC	As needed
Signed contract	22.	Record all signed contracts in PAS. PAS sends contract/obligation information via interface to LOCCS for use in controlling drawdowns.	PAS LOCCS	CFO-AC System Generated	Nightly
	23.	PAS also sends contract/obligation information via the P2H interface to HUDCAPS for posting to general ledger and fund control tables.	PAS HUDCAPS	System generated	Nightly
	24.	Recipient submits request for payment through LOCCS.	LOCCS	Recipient	As needed
Payment request	25.	LOCCS performs edits and validation checks. LOCCS submits approved payments to Treasury in accordance with program rules. LOCCS notifies PAS via interface of payments sent to Treasury.	LOCCS PAS	System generated	As needed

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	26..	PAS, in turn, transmits these payments (as confirmed by Treasury) to HUDCAPS via the P2H interface for posting to general ledger and other appropriate (e.g., fund control, SF-224) tables. LOCCS and PAS update project records with the payment information.	PAS HUDCAPS LOCCS	System Generated	As needed
FMS-145-Schedule of cancelled EFTs	27.	Occasionally, Treasury rejects a payment and will issue an FMS 145 to HUD rejecting the payment. CFO-AC will post the FMS 145 reinstating the un-liquidated obligation balance in LOCCS. LOCCS information is transmitted to PAS and PAS transmits these rejections via the P2H interface to HUDCAPS for posting to general ledger and other appropriate tables	LOCCS PAS HUDCAPS	CFO-AC	As needed
Month-end	28.	Review payments in GOALS (Treasury system) to ensure that all payments in step above have been confirmed by Treasury in the month sent. If payments have not been confirmed, an “in-transit” entry is posted to HUDCAPS (only). This entry is reversed in the following month.	HUDCAPS	CFO-AC	Monthly
Return of payment	29.	Occasionally, a return of payment occurs and a refund of the money from the recipient is requested by HUD. This can arise from monitoring, review LOCCS data, etc.		Housing staff	Occasionally (as needed)
	30.	Receivable is recorded in LOCCS. LOCCS notifies PAS via interface.	LOCCS PAS	CFO-AC	Nightly
	31.	PAS, in turn, transmits these receivables to HUDCAPS via the P2H interface for posting to general ledger tables.	HUDCAPS PAS	System generated	Nightly
Collection	32.	Return of payment collection is recorded in LOCCS. LOCCS notifies PAS via interface of collections.	LOCCS PAS	CFO-AC	Nightly
	33.	PAS, in turn, transmits these collections to HUDCAPS via the P2H interface for posting to general ledger and other appropriate (e.g., fund control, SF-224) tables.	PAS HUDCAPS	System generated	Nightly
	34.	LOCCS, PAS update project records with the information. Note: (In practice, the receivable and collection are often done simultaneously. There are also other receivables (e.g., audit findings) that are handled just like the past 3 steps.	LOCCS PAS	System generated	Nightly

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
End of Contract/ Agreement	35.	Eventually, construction is complete and all required inspections are performed. OH staff will review required records, inspections, etc for program compliance. OH staff will also review LOCCS and PAS records to determine if all funds have been expended. If not, a de-obligation will be processed. In some cases, there are audits, specific contract requirements or grant closeout procedures that must be followed.	LOCCS PAS	Housing staff	Occasionally (as needed)
De-obligation	36.	De-obligations are recorded in PAS. Program area staff determines if de-obligation is a: <ul style="list-style-type: none"> • Cancellation (occurs in same FY as original obligation) - meaning that available funds remain available for future obligation in the program; or • Recapture-(obligation occurs in prior fiscal year) – meaning funds revert back to apportionment level and are not available until reapportioned. For unexpired appropriations, funding will eventually be made available in the current source year. 	PAS	Housing staff	Occasionally (as needed)
	37.	PAS notifies LOCCS via interface of the de-obligation.	LOCCS PAS	System generated	Nightly
	38.	PAS notifies HUDCAPS via the P2H interface for posting to general ledger and fund control tables. HUDCAPS generates a series of system transactions moving funding to current source year for reapportionment.	PAS HUDCAPS	System generated	Nightly
Foreclosure	39.	Under certain program rules and regulations, HUD has the right to foreclose on these properties after converting the Section 202/811 advance into a loan. The process of converting from an advance to a loan is still being discussed, reviewed and refined by OH and OCFO personnel. Until this is finalized, this process cannot be added or validated. Note: one such advance was converted into a loan and foreclosed in FY 2004.			

4.3 Loans

These business processes pertain to the HUD Loans business area.

4.3.1 Administer Direct Loans

Direct loans were issued to non-profit organizations directly by HUD to provide loans to build housing for senior citizens and persons with disabilities. By legislation, there have been no new Section 202 loans issued since 1992. They have been replaced by fund 0320 - Section 202 Capital Grants and fund 0237 – Section 811 - Housing for Persons with Disabilities.

Table 4-30 Administer Direct Loans Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Preparation of the Presidents Budget	1. – 6.	See Budget Formulation Process		OMB	Annually
Continuing Resolution/Public Law	7.	Prepare apportionment/reapportionment schedule request for the applicable loan funds. This request is submitted to OMB.	SF-132	CFO and Housing Budget staffs	Annually (may be revised during FY)
Receipt of OMB Approved SF-132	8.	Receive Approved OMB SF-132	SF-132	OCFO	Annually (may be revised during FY)
Record Receipt	9.	Upon receipt of OMB approved SF-132, record appropriation enactment for the loan in HUDCAPS.	SF-132 HUDCAPS	OCFO	Annually (may be revised during FY)
	10.	Record apportionment line items and record resources in HUDCAPS.	HUDCAPS	OCFO	
	11.	Prepare/approve allotment of funds (via HUD 158) to applicable assistant secretaries.	HUD-158	CFO and Housing Budget staffs	Annually (may be revised during FY)
Approved HUD 158	12.	Record allotment of funds in HUDCAPS.	HUD-158 HUDCAPS	CFO Budget Office	Annually (may be revised during FY)
	13.	Recipient submits a manual request for payment to Housing office (assume request for payment is approved by Housing Program office prior to entry into LOCCS by CFO-AC).	LOCCS	Recipient Housing Program office CFO-AC	As needed

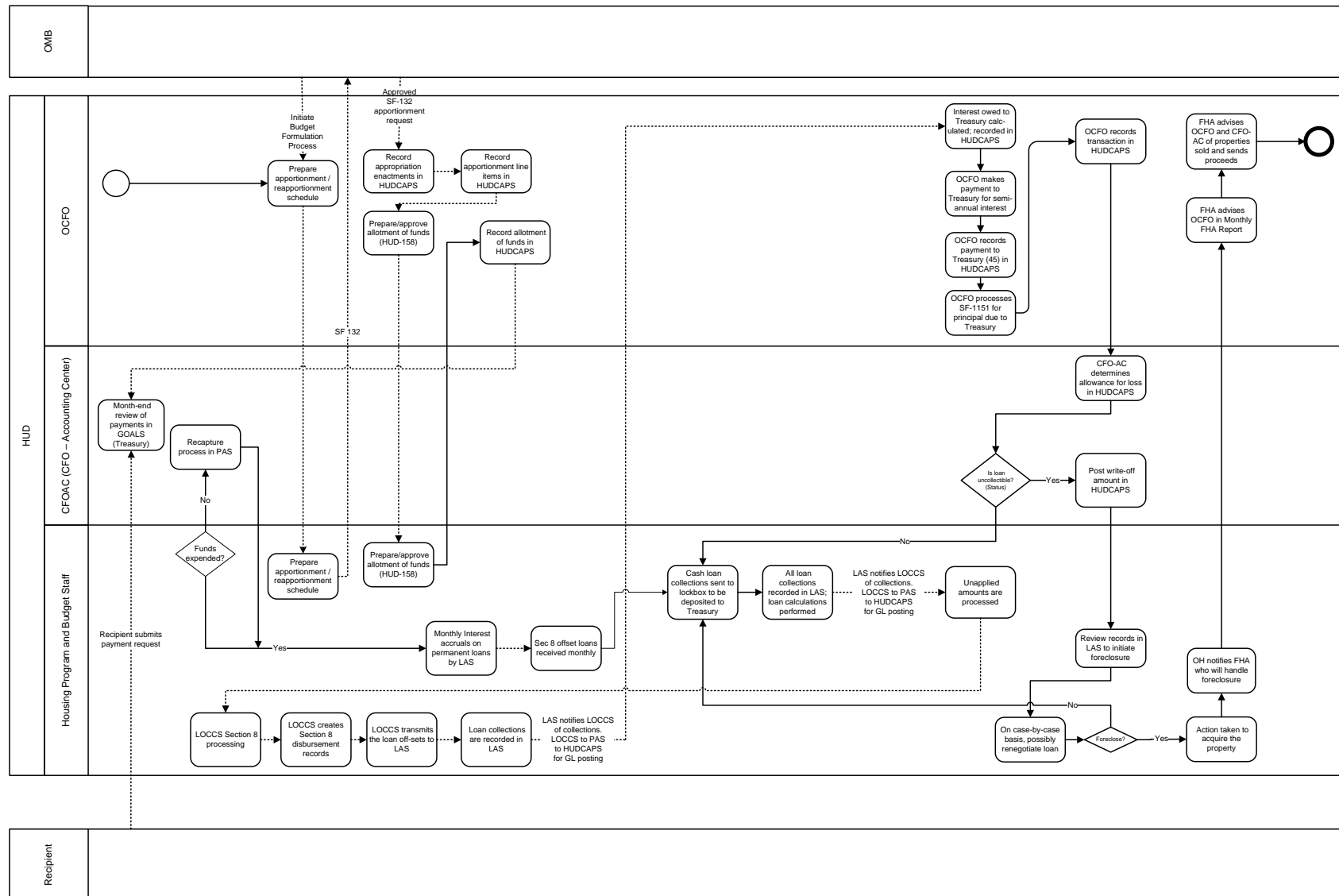
Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Payment Request	14.	LOCCS performs edits and validation checks. LOCCS submits approved payments to Treasury in accordance with program rules. LOCCS notifies LAS via interface of payments sent to Treasury.	LOCCS LAS	System generated	As needed
	15.	PAS, in turn, transmits these payments (as confirmed by Treasury) to HUDCAPS via the P2H interface for posting to general ledger and other appropriate (e.g., fund control, SF-224) tables. LOCCS and PAS update project records with the payment information.	PAS HUDCAPS LOCCS	System generated	As needed
Month-end	16.	Review payments in GOALS (Treasury system) to ensure that all payments in step above have been confirmed by Treasury in the month sent. If payments have not been confirmed, an “in-transit” entry is posted to HUDCAPS (only). This entry is reversed in the following month.	HUDCAPS	CFO-AC	Monthly
Final payment request	17.	Housing program staff will review LAS records and determine if all funds have been expended. The unexpended balance would be a recapture.	LAS	Housing Program staff	As needed
De-obligations	18.	De-obligations are recorded in PAS. Housing program staff determines if de-obligation is a: <ul style="list-style-type: none"> • Cancellation (occurs in same FY as original obligation) - meaning that available funds remain available for future obligation in the program. Or • Recapture- (obligation occurs in prior fiscal years) - meaning funds revert back to apportionment level and are not available until reapportioned. For unexpired appropriations, funding will eventually be made available in the current source year. PAS notifies LOCCS and LAS via interface of de-obligation.	LOCCS PAS LAS	Housing Program staff	As needed
	19.	PAS notifies HUDCAPS via the P2H interface for posting to general ledger and fund control tables. HUDCAPS generates a series of system transactions moving funding to current source year for reapportionment.	PAS HUDCAPS		
Month End	20.	Monthly interest accruals on permanent loans are calculated by LAS and information is transmitted to LOCCS.	LAS LOCCS	System generated	Monthly

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	21.	LOCCS notifies PAS via interface. PAS notifies HUDCAPS via the P2H interface for posting to general ledger table.	LOCCS PAS HUDCAPS	System generated	Monthly
Offset Collections	22.	Section 8 offset loan collections are received monthly from LOCCS and HUDCAPS.	LOCCS HUDCAPS	System generated	Monthly or as needed
Cash Collections	23.	Cash loan collections are sent to a lockbox to be deposited to Treasury and accounting information is send to CFO-AC for processing.	Wired Mailed	Recipient Bank	As needed
All Collections	24.	All loan collections are recorded in LAS. LAS determines, based on amortization schedule, amounts of collections allotted to principle, interest and if applicable, excess funds go into unapplied.	LAS	System generated	As needed
	25.	LAS notifies LOCCS of collection via interface. LOCCS transmits information to PAS. PAS, in turn, notifies HUDCAPS via the P2H interface for posting to general ledger and fund control tables.	LAS LOCCS PAS	System generated	As needed
	26.	Occasionally, LAS determines that loan collection is in excess of the amount due; therefore, it is unapplied. Unapplied amounts are held until the following month and they can be applied to the principal and/or interest.	LAS	System generated	As needed
Excess Cash – Flexible Subsidy	27.	Excess cash from flexible subsidies is invested temporarily in market based securities with Treasury. This amount is recorded in HUDCAPS (GL Only). Interest received is recorded in HUDCAPS in the general ledger and fund control tables.	HUDCAPS	OCFO	As needed
Monthly payment schedule	28.	LOCCS maintains a file of Section 8 projects where a partial or full Section 8 payment is used to re-pay the Section 202 loans.	LOCCS	System generated	As needed
	29.	As part of the Section 8 monthly payment schedule process, LOCCS matches the Section 8 file above to create Section 8 disbursement records and loan off-set collection records.	LOCCS	System generated	As needed
	30.	LOCCS transmits the loan off-set collection records to LAS.	LOCCS LAS	System generated	Monthly
	31.	Loan collections are recorded in LAS. LAS determines, based on the amortization schedule, amounts of collections allotted to principle and interest and if applicable, excess funds go into unapplied.	LAS	System generated	As needed
	32.	LAS notifies LOCCS of collection via interface. LOCCS	LAS	System generated	As needed

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		transmits information to PAS. PAS, in turn, notifies HUDCAPS via the P2H interface for posting to general ledger and fund control tables.	LOCCS HUDCAPS		
Month end	33.	Calculate interest owed to Treasury based on outstanding Treasury borrowings. Record interest expense in HUDCAPS. HUDCAPS posts amount to general ledger and fund control tables. Note: This activity is recorded only at the high level against matching resources.	HUDCAPS Manual process	OCFO	Monthly
Interest payment to Treasury	34.	OCFO processes an expenditure transaction to pay Treasury interest semi annually.	HUDCAPS Manual process	OCFO	Semi-annually
	35.	OCFO records transaction in HUDCAPS which posts it to the general ledger.	HUDCAPS	OCFO	Semi-annually
Principle payment to Treasury	36.	OCFO processes a SF-1151, non-expenditure document, to pay the principle amount due to Treasury. Note: Principle due is based on multiple agreements between HUD and Treasury.	SF-1151 Manual process	OCFO	Annual
	37.	OCFO records transaction in HUDCAPS which posts it to the general ledger.	HUDCAPS	OCFO	Annual
Non-payment of loans – flexible subsidy	38.	Customary business practice is to record a high percentage allowance for loss on all flexible subsidy loan interest. Determine and record in HUDCAPS allowance amount for loss.	LAS	CFO-AC	Monthly
	39.	Housing program staff will review records in LAS and determine that the loan is uncollectible and should be written-off. Documentation supporting this write-off decision is provided via Housing program staff.	HUDCAPS	Housing Program staff CFO-AC	As needed
	40.	Review documentation and post write off amount in HUDCAPS.	HUDCAPS	CFO-AC	As needed
Non-payment of loans – Section 202	41.	Housing program staff will review records in LAS and determine the loan is uncollectible and will begin foreclosure procedures.	LAS	Housing Program Staff	As needed
Re-negotiation	42.	On a case by case basis, Housing program staff may re-negotiate the terms of the loan with the borrower. Re-negotiated terms are provided to CFO-AC and recorded in LAS-no interface to HUDCAPS	LAS	Housing program staff CFO-AC	As needed
Foreclosure	43	Once Housing determines the only option is to foreclose, action is taken to acquire the property.		Housing Program staff	As needed

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Acquisition of Property	44.	Once property is acquired, OH notifies FHA, who will manage and sell the property. OH also notifies OCFO who records the foreclosure in LAS.	LAS	CPD Program staff	As needed
Monthly FHA report	45.	FHA advises OCFO of properties where additional costs have been incurred for maintenance. OCFO records costs and rental income in HUDCAPS.	HUDCAPS REMS MDDR	FHA	Monthly
	46.	FHA also advises OCFO and CFO-AC of properties that have been sold. FHA forwards amount of proceeds of sales to OCFO. OCFO records the sales, with applicable gain or loss, in HUDCAPS for posting to general ledger.	HUDCAPS REMS MDDR	FHA OCFO CFO-AC	Monthly-report As needed-sale

Diagram 4-29 Administer Direct Loans



4.3.2 Administer Revolving Fund for Liquidating Programs

Based on federal legislation, Fund 4015 (Revolving Fund for Liquidating Programs) was established to manage the efficient liquidation of assets of certain old programs. Fund 4015 currently includes only 3 programs: Public Facility Loans (PFL), Section 312 Rehabilitation Loans, and Rental Rehabilitation Grants. This fund receives no new budget authority, but apportionments are approved annually for carry-over and any funds that may come in (i.e. collections). This program only has a general ledger and SF-224 function in HUDCAPS. There is no fund control functionality in HUDCAPS for this program.

Table 4-31 Administer Revolving Fund for Liquidating Programs Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Preparation of the Presidents Budget	1. - 6.	See Budget Formulation Process		OMB	Annually
Continuing Resolution/Public Law	7.	Prepare apportionment/reapportionment schedule request for the applicable grant/subsidy funds. This request is submitted to OMB.	SF-132	CFO and Program Area Budget staffs	Annually (may be revised during FY)
Receipt of OMB Approved SF-132	8.	Receive Approved OMB SF-132	SF-132	OCFO	Annually (may be revised during FY)
	9.	Upon receipt of OMB approved SF-132, record appropriation enactment for the fund in HUDCAPS.	SF-132 HUDCAPS (GL Only)	OCFO	Annually (may be revised during FY)
	10.	Record apportionment line items and record resources in HUDCAPS.	SF-132 HUDCAPS (GL Only)	OCFO	Annually (may be revised during FY)
	11.	Prepare/approve allotment of funds (via HUD 158) to applicable assistant secretaries.	HUD-158	CFO and CPD Budget staffs	Annually (may be revised during FY)
Approved HUD 158	12.	Record allotment of funds in HUDCAPS. NOTE: Funds are allotted directly to sub-assignment levels.	HUD-158 HUDCAPS (GL Only)	OCFO	
	13.	HUDCAPS sends sub-assignment level information to PAS as funds available for commitment and obligation via the P2H interface.	HUDCAPS (GL Only) PAS	System generated	Annually (may be revised during FY)
Additional funding for	14.	Loan servicer (or other HUD contractor) requests additional funding from CPD.		Contractor	As needed

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
contract					
	15.	CPD approves additional funding for contract services and issues reservation on HUD-718. Note – There is very limited, if any, activity still involved here (PFL only).	HUD-718	CPD program officials	As needed
Approved HUD 718	16.	Record all reservations in HUDCAPS and also in PAS-no interface. Note – There is very limited, if any, activity still involved here (PFL only).	HUDCAPS (GL Only) PAS	OCFO	As needed
Approved 718	17.	Winning contractors and HUD agree on and sign contract which represents an obligation to HUD.	HUD 718	CPD Program Area Officials and Contractors	As needed
Approved Contract	18.	Record contractor information for winning recipients (if new). This includes banking (ACH) information.	LOCCS	CFO-AC	As needed
Signed contract	19.	Record all signed contracts in HUDCAPS and PAS-no interface.	HUDCAPS (GL only) PAS	OCFO	Nightly
	20.	PAS sends contract obligation information to LOCCS via interface for use in controlling drawdowns.	PAS LOCCS	System Generated	As needed
	21.	Contractor (FFB for PFL) submit request for payment through LOCCS.	LOCCS	Contractor	As needed
Payment Request	22.	Request is manually entered into LOCCS. LOCCS performs edits and validation checks. LOCCS submits approved payments to Treasury in accordance with program rules. LOCCS notifies PAS via interface of payments sent to Treasury.	HUDCAPS (GL only) LOCCS	OCFO System generated	As needed
	23.	PAS, in turn, transmits these payments as confirmed by Treasury to HUDCAPS via the P2H interface. HUDCAPS posts to general ledger and SF-224 table. LOCCS and PAS update project records with payment information.	PAS HUDCAPS (GL only) LOCCS	System generated	As needed
Treasury Confirmation	24.	Review payments in GOALS (Treasury system) to ensure that all payments in step above have been confirmed by Treasury in the month sent. If payments have not been confirmed, an in-transit entry is posted to HUDCAPS only. This entry is reversed in the following month.	HUDCAPS (GL only)	OCFO	As needed

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
End of contract	25.	At the end of the contract, CPD program staff will review LOCCS records and determine if all funds have been expended. If not, a de-obligation will be processed.	LOCCS	CPD Program Area Staff	As needed
De-obligation	26.	De-obligations are recorded in PAS. OCFO staff determines if de-obligation is a: <ul style="list-style-type: none"> • Cancellation (occurs in same FY as original obligation) - meaning that available funds remain available for future obligation in the program; or, • Recapture – (obligation occurs in prior fiscal year) - meaning funds revert back to apportionment level and are not available until reapportioned. De-obligations are manually posted in HUDCAPS.	PAS HUDCAPS (GL Only)	OCFO	Occasionally (as needed)
HUD-158	27.	Accrue 1/12 of the administrative expense per HUD-158 each month.	HUDCAPS (GL Only)	OCFO	Monthly
Monthly accrual	28.	Transfer funds to Salary and Expense appropriation via SF-1081 at end of fiscal year.	HUDCAPS (GL Only)	OCFO	Annual
Collections	29.	Loan collections for PFL are sent to the Federal Reserve Bank-Richmond (FRB-Richmond), who services these loans. FRB-Richmond deposits these collections to Treasury. Note: Section 312 collections are limited. A very few collections are sent directly to OCFO. Other amounts owed are collected by the Department of Justice (DOJ). DOJ collections are sent via IPAC to OCFO.	Wired Mailed	FRB-Richmond DOJ	As needed
	30	FRB-Richmond send OCFO monthly report on loan activity including collections	Mail	FRB-Richmond	Monthly
	31.	OCFO allocates collections between principal, interest and if applicable, penalties. OCFO posts collected amounts to HUDCAPS.	HUDCAPS (GL Only)	OCFO	Monthly
Non-payment of loans	32.	CPD program staff will review internal records and those maintained by FRB-Richmond to determine if the loan is uncollectible and will attempt to renegotiate the loan or refer the loan non-payment to the Department of Justice (DOJ) to pursue.		CPD Program staff (DOJ)	As needed
	33.	Renegotiated terms are provided to OCFO and recorded on internal records by OCFO.		CPD Program staff OCFO	As needed
Non-payment of loans	34.	If DOJ collection attempts are unsuccessful, the loan is subject to write-off.		DOJ	As needed

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Write off documentation	35.	OCFO reviews documents and posts write off amount in HUDCAPS.	HUDCAPS (GL Only)	OCFO	As needed



4.3.3 Administer Liquidating Fund for Section 108

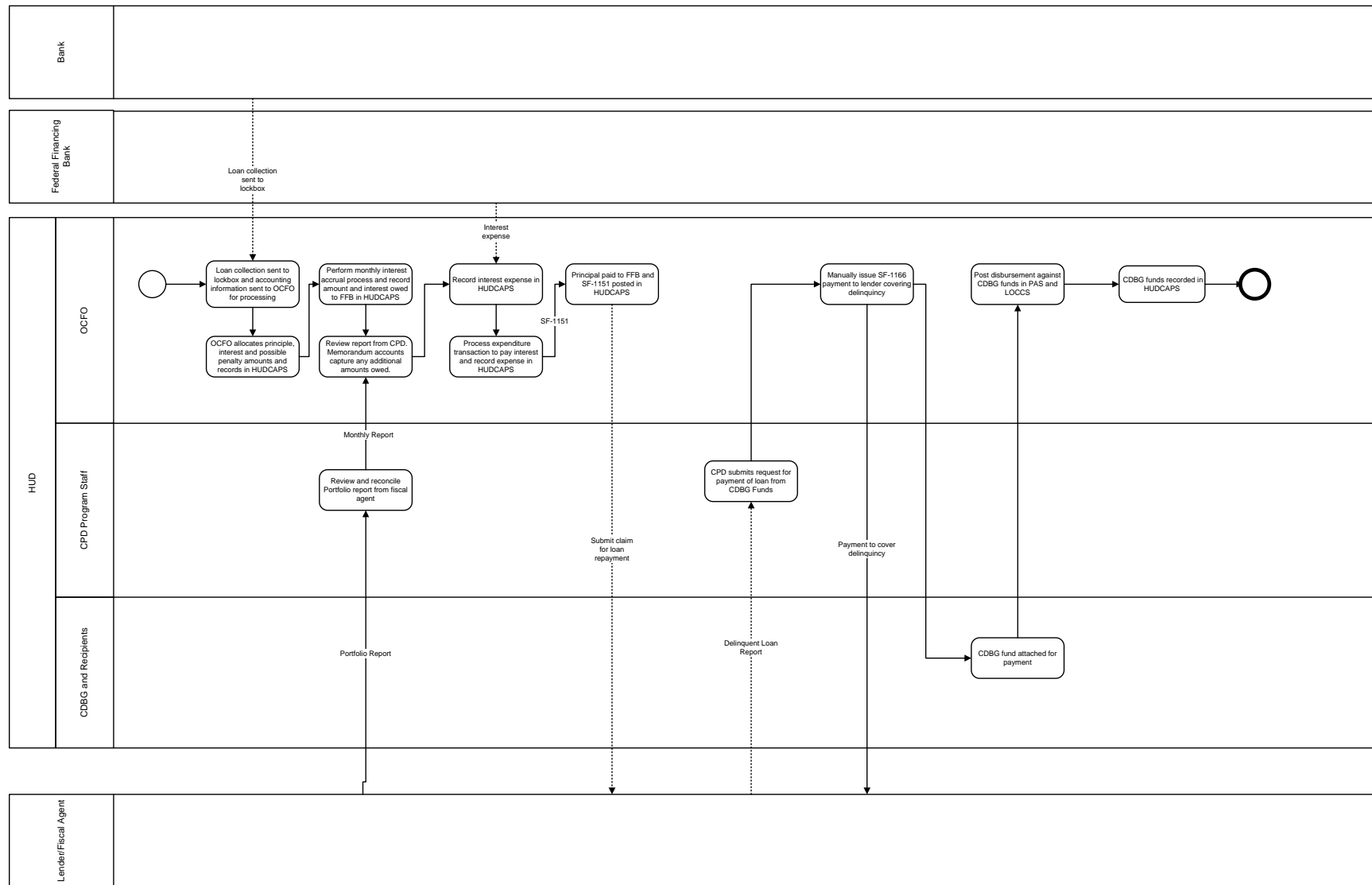
Based on credit reform regulations, fund 4097 was established and is the liquidating fund for Section 108, Community Development Loans. This fund includes loans that were financed through the Federal Financing Bank (FFB) and guaranteed loans financed through private lenders through 1991. There have been no defaults to date in this program due to HUD's ability to use CDBG funds to make payments. There is no new budget authority. This program only has a general ledger and SF-224 function in HUDCAPS. There is no fund control functionality in HUDCAPS for this function.

Table 4-32 Administer Liquidating Fund for Section 108 Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Collections	1.	Loan collections are sent to a lockbox to be deposited to Treasury. Accounting information is sent to OCFO for processing.		Bank OCFO	As needed
	2.	OCFO allocates collections between principal, interest and if applicable, penalties. OCFO posts collected amounts to HUDCAPS.	HUDCAPS (GL Only)	OCFO	Monthly
	3.	OCFO performs monthly interest accrual process on these loans and records the amounts in HUDCAPS for posting to general ledger. They also calculate interest owed to FFB. OCFO records the interest expense in HUDCAPS for posting to the general ledger.	HUDCAPS (GL Only)	OCFO	Monthly
Report from Fiscal Agent	4.	Periodically, fiscal agent sends portfolio reports to CPD. CPD reviews and reconciles reports. On a monthly basis, CPD sends reconciliation report to OCFO		CPD Program Staff	Monthly
Portfolio Maintenance	5.	OCFO reviews reports from CPD. Additional memorandum accounts in HUDCAPS are available to capture amounts related to collections and further disbursements of funds to/from borrower.	HUDCAPS (GL Only)	OCFO	Monthly
Interest payment to Treasury	6.	OCFO processes an expenditure transaction to pay FFB interest. OCFO records transactions in HUDCAPS for posting to general ledger.	HUDCAPS (GL Only)	OCFO	Semi-annually
Principal payment to	7.	OCFO processes an SF-1151, non-expenditure document, to pay the principal to FFB.	SF-1151	OCFO	Annual

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Treasury					
	8.	OCFO records SF-1151 in HUDCAPS for posting to general ledger.	SF-1151 HUDCAPS (GL Only)	OCFO	Annual
Non-payment of loans	9.	CPD program staff receives report from fiscal agent showing which loans are delinquent.		CPD Program staff	As needed
	10.	CPD program staff will advise loan recipients that their CDBG fund is being attached for payment of delinquent loans. CPD program staff will notify OCFO to take action.		CPD Program staff	As needed
	11.	CPD staff informs OCFO of CDBG funds to be attached to pay Section 108 loans.		CPD Program staff	As needed
	12.	OCFO manually issues SF-1166 payment to lender covering the delinquency. OCFO posts a disbursement against the recipients CDBG fund in PAS and LOCCS.	SF-1166 PAS LOCCS	OCFO	As needed
	13.	OCFO records receivable from CDBG fund in HUDCAPS for posting to general ledger.	HUDCAPS (GL Only)	OCFO	As needed

Diagram 4-31 Administer Liquidating Fund for Section 108



4.3.4 Administer Low Rent Public Housing Loans

Fund 4098 provided direct loans for PHA (Public Housing Authority) and IHA (Indian Housing Authority) construction activities. Under legislation enacted in 1986, most loans are forgiven at the end of each fiscal year. This fund has limited new budget authority since new spending for construction activities comes from the Capital Grants portion of fund 0304 (Public Housing Capital Fund). This program only has a general ledger and SF-224 function in HUDCAPS. There is no fund control in HUDCAPS for this program.

Table 4-33 Administer Low Rent Public Housing Loans Activity Steps

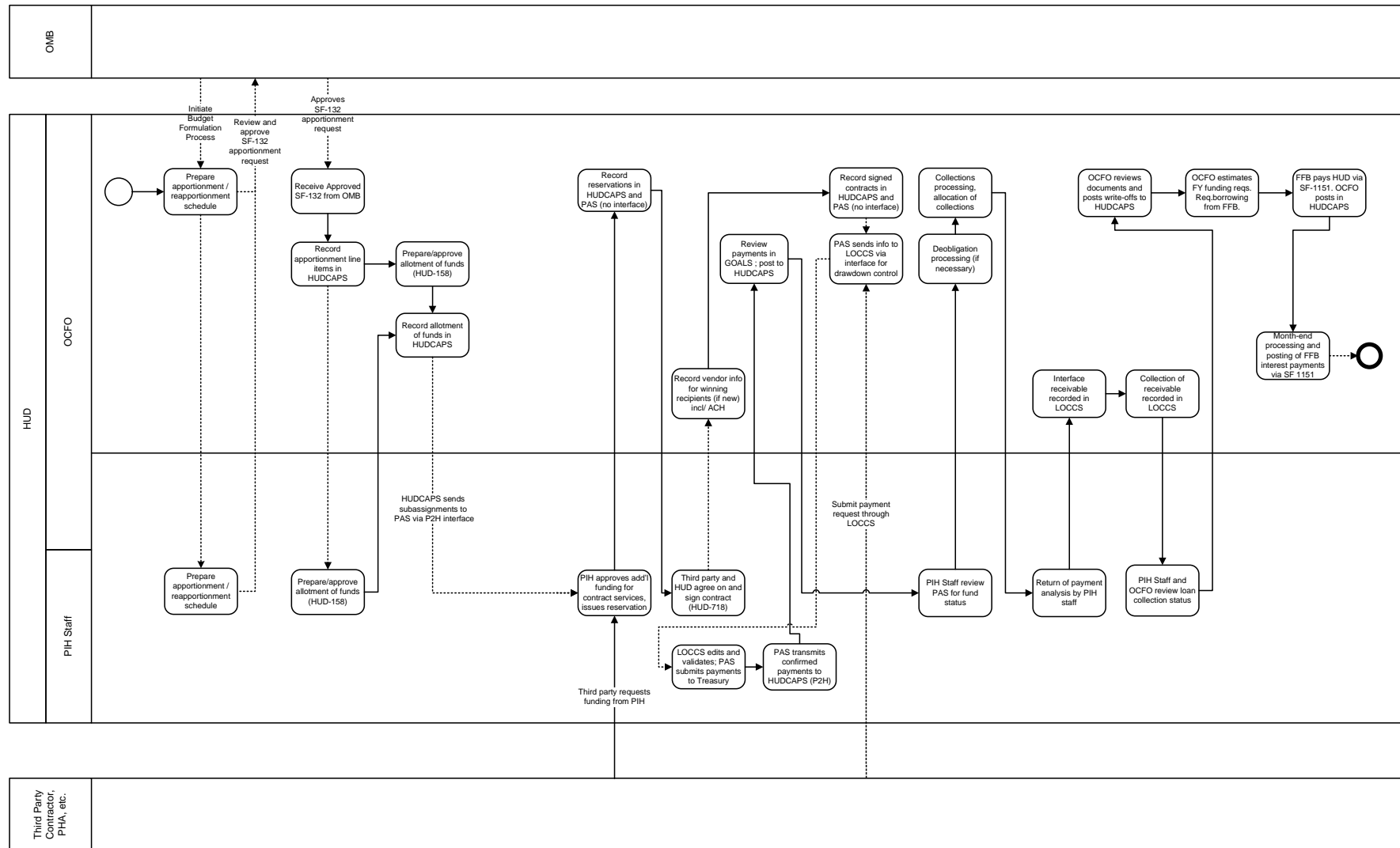
Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Preparation of the Presidents Budget	1. – 6.	See Budget Formulation Process		OMB	Annually
Public Law	7.	Prepare apportionment/reapportionment schedule request for the applicable grant/subsidy funds. This request is submitted to OMB.	SF-132	CFO and PIH Budget staffs	Annually (may be revised during FY)
Receipt of OMB Approved SF-132	8.	Receive Approved OMB SF-132	SF-132	OCFO	Annually (may be revised during FY)
	9.	Upon receipt of OMB approved SF-132, record apportionment line items and record resources (e.g. borrowing authority) in HUDCAPS	SF-132 HUDCAPS (GL Only)	OCFO	Annually (may be revised during FY)
	10.	Prepare/approve allotment of funds (via HUD 158) to applicable assistant secretaries.	HUD-158	CFO and PIH Budget staffs	Annually (may be revised during FY)
Approved HUD 158	11.	Record allotment of funds in HUDCAPS. NOTE: Funds are allotted directly to sub-assignment levels.	HUD-158 HUDCAPS (GL Only)	OCFO	
	12.	HUDCAPS sends sub-assignment level information to PAS as funds available for commitment and obligation via the P2H interface.	HUDCAPS (GL Only) PAS	System generated	Annually (may be revised during FY)
Request for funding	13.	Third party (i.e. contractor, PHA) requests funding from PIH.		Third party PIH Program area staff	As needed
	14.	PIH approves additional funding for contract services and issues reservation on HUD-718. Note: This step is omitted in some cases.	HUD-718	PIH Program area	As needed

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Approved HUD 718	15.	Record all reservations in HUDCAPS and also in PAS-no interface. Note: This step is omitted in some cases.	HUDCAPS (GL Only) PAS	OCFO	As needed
Approved 718	16.	Third party and HUD agree on and sign contract which represents an obligation to HUD.	HUD 718	PIH Program Area staff and Third party	As needed
Approved Contract	17.	Record third party information for winning recipients (if new). This includes banking (ACH) information.	LOCCS	OCFO	As needed
Signed contract	18.	Record all signed contracts in HUDCAPS and PAS-no interface.	HUDCAPS (GL Only) PAS	OCFO	Nightly
	19.	PAS sends contract obligation information to LOCCS via interface for use in controlling drawdowns.	PAS LOCCS	System Generated	As needed
	20.	Third party submit request for payment through LOCCS.	LOCCS	Third party	As needed
Payment Request	21.	LOCCS performs threshold edits and validation checks. LOCCS submits approved payments to Treasury in accordance with program rules. LOCCS notifies PAS via interface of payments sent to Treasury.	PAS LOCCS	System generated	As needed
	22.	PAS, in turn, transmits these payments as confirmed by Treasury to HUDCAPS via the P2H interface. HUDCAPS posts to general ledger and SF-224 table. LOCCS and PAS update project records with payment information.	PAS HUDCAPS LOCCS	System generated	As needed
Treasury Confirmation	23.	Review payments in GOALS (Treasury system) to ensure that all payments in step above have been confirmed by Treasury in the month sent. If payments have not been confirmed, an in-transit entry is posted to HUDCAPS only. This entry is reversed in the following month.	HUDCAPS	OCFO	As needed
End of contract	24.	At the end of the contract, PIH program staff will review PAS records and determine if all funds have been expended. If not, a de-obligation will be processed.	PAS	PIH Program Area Staff	As needed

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
De-obligation	25.	De-obligations are recorded in HUDCAPS and PAS. OCFO staff determines if de-obligation is a: <ul style="list-style-type: none"> • Cancellation (occurs in same FY as original obligation) - meaning that available funds remain available for future obligation in the program; or • Recapture – (obligation occurs in prior fiscal year) - meaning funds revert back to apportionment level and are not available until reapportioned. 	HUDCAPS (GL Only) PAS	OCFO	Occasionally (as needed)
Collections	26.	Loan collections are sent to a lockbox to be deposited to Treasury. Accounting information is sent to OCFO for processing.		OCFO	As needed
	27.	OCFO allocates collections between principal, interest and if applicable, penalties. OCFO posts collected amounts to HUDCAPS.	HUDCAPS	OCFO	Monthly
Return of payment	28.	Occasionally, a return of payment occurs and a refund of the money from the recipient is requested by HUD. This can arise from monitoring, review of LOCCS data, etc.	LOCCS	PIH Program Area staff	As needed
	29.	Receivable is recorded in LOCCS.	LOCCS	OCFO	As needed
Collection	30.	Collection of receivable is recorded in LOCCS. LOCCS notifies PAS via interface of collections. PAS, in turn, transmits these collections to HUDCAPS via the P2H interface for posting to general ledger and other appropriate (e.g. SF-224) tables. LOCCS and PAS update the project records with the information.	LOCCS PAS HUDCAPS	OCFO	As needed
Non-payment of loans	31.	PIH program staff and OCFO will review loan records and determine if the loan is uncollectible and should be written off. PIH program staff will provide necessary documentation to write off the loan. Note: Customary practice in this fund is to write off these loans.		PIH Program staff OCFO	As needed
Write off documentation	32.	OCFO reviews documents and posts write off amount in HUDCAPS	HUDCAPS (GL Only)	OCFO	As needed
Borrowing Request	33.	OCFO estimates funding requirements for fiscal year. OCFO requests borrowing from Treasury. The amount borrowed must be less than or equal to the borrowing authority on the SF-132.		OCFO	Annually (may be revised during the FY)
	34.	FFB reviews request and pays HUD via SF-1151. OCFO posts borrowing in HUDCAPS.	HUDCAPS	OCFO	Annually (may be revised during the FY)

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Month end	35.	Calculate interest owed to Federal Financing Bank (FFB) based on outstanding balance of FFB borrowings. Records interest expense in HUDCAPS for posting to general ledger. Note: A substantial portion of the funds paid to Treasury are received from fund 0304-Debt Service. Fund 4098 serves as a pass through for these funds.	HUDCAPS	FFB OCFO	Monthly
Interest payment to Treasury	36.	OCFO processes an expenditure transaction to pay FFB interest. OCFO records transactions in HUDCAPS for posting to general ledger.	HUDCAPS	OCFO	Semi-annually
Principal payment to Treasury	37	OCFO processes an SF-1151, non-expenditure document, to pay the principal to FFB.	SF-1151	OCFO	Annual
	38.	OCFO records SF-1151 in HUDCAPS for posting to general ledger.	SF-1151 HUDCAPS	OCFO	Annual
Year end	39.	Any excess cash that was borrowed is returned via the SF-1151 to FFB. That portion of the borrowing that was used is forgiven per legislative action.	SF-1151	OCFO	Annual

Diagram 4-32 Administer Low Rent Public Housing Loans



4.3.5 Administer Guaranteed Loans

4.3.5.1 Administer Guaranteed Loans – Program Funds

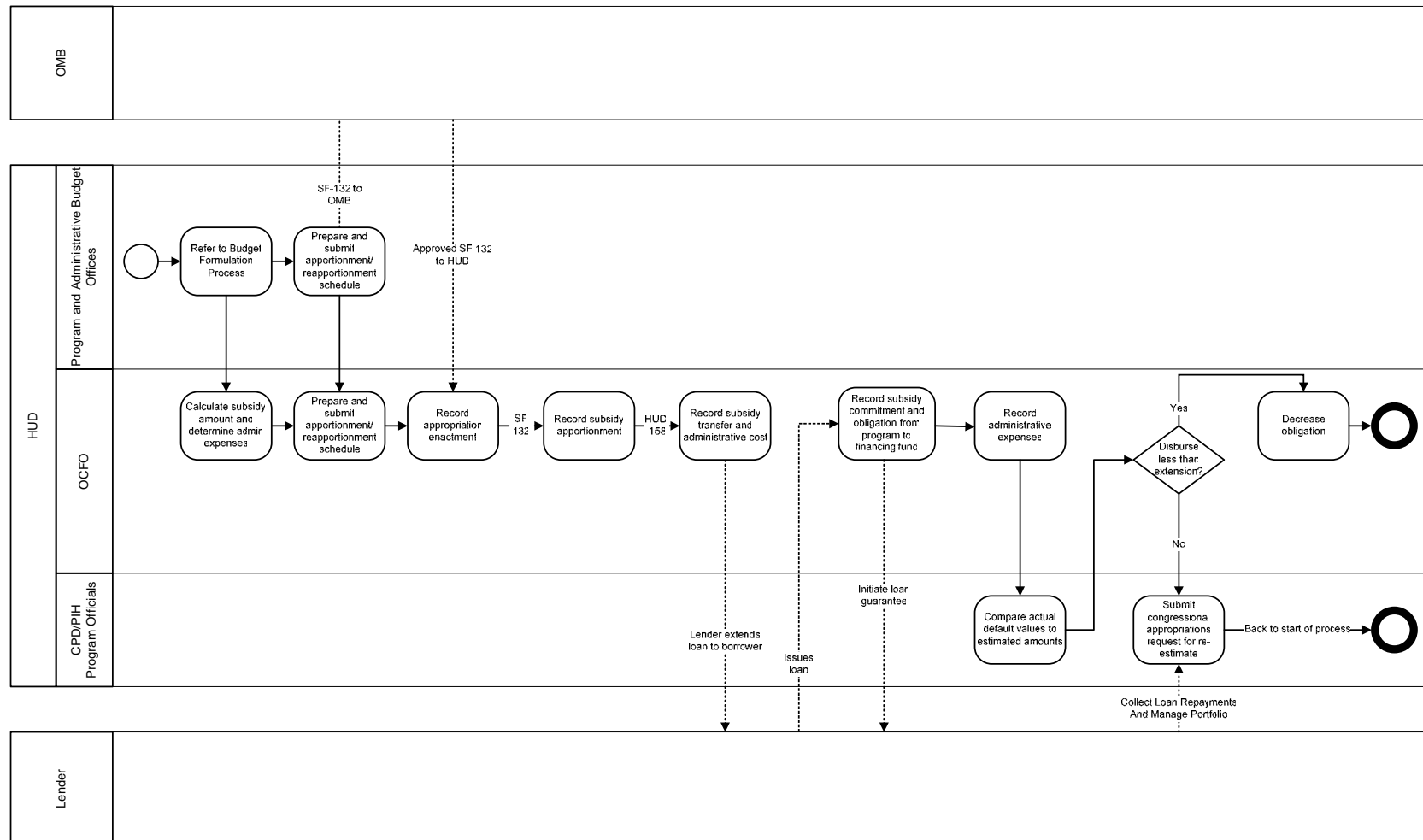
Guaranteed Loans-Program Funds provides a subsidy that is transferred to finance funds to pay for potential loan defaults. HUD's Loan Guarantee process starts with Congress setting forth a loan guarantee level and enacting a subsidy appropriation in the program fund for potential defaults. This process is based on Credit Reform regulations. This program only has a general ledger and SF-224 function in HUDCAPS. There is no fund control functionality in HUDCAPS for these funds.

Table 4-34 Administer Guaranteed Loans – Program Funds Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Preparation of the Presidents Budget	1. – 6.	See Budget Formulation Process		OMB	Annually
Continuing Resolution/Public Law	7.	Prepare apportionment/reapportionment schedule.	SF-132	CFO and Program Budget staff OMB	Annually (will be revised during FY)
	8.	Submit apportionment/reapportionment schedule to OMB.	SF-132	CFO and Program Budget staff	Annually (will be revised during FY)
Receipt of Approved SF-132	9.	Receive approved SF-132 from OMB.	SF-132	OCFO	Annually (will be revised during FY)
	10.	Record appropriation enactment for the program fund. Note: program funds use budgetary and proprietary accounts, financing funds use budgetary, proprietary, and memorandum accounts	SF-132 HUDCAPS (GL Only)	OCFO	Annually (will be revised during FY)
	11.	Record subsidy apportionment from the SF-132 for program fund.	SF-132 HUDCAPS (GL only)	OCFO	Annually (will be revised during FY)
Receipt of Approved HUD-158	12.	Record allotments as follows: <ul style="list-style-type: none"> Subsidy to be transferred from the program fund to the financing fund Administrative costs to be transferred to the salaries and expense fund Note: Administrative expense accruals occur on a monthly basis. These accruals are recorded as direct pay transactions (no	HUD-158 HUDCAPS (GL only)	OCFO	Annually (will be revised during FY)

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		obligations required). Subsidy transfer occurs in step 11 below.			
	13.	Lender extends loan to borrower subsequent to HUD property/borrower/loan compliance (memorandum accounts used here). For section 108 program, the lender receives the applications of the eligible communities approved by HUD.		Lender	As needed
Lender extends loan	14.	HUD extends loan guarantees to the lender.		CPD/PIH program officials	As needed
Lender extends loan	15.	Record commitments and obligations as loans as a subsidy in program funds to be transferred to financing fund (budgetary accounts). The program office maintains some manual subsystem records (via excel spreadsheet) of these commitments and obligations.	HUDCAPS (GL Only)	OCFO	As needed
Lender disburses loan	16.	Record: Third party lender disbursements triggers recording payment of subsidy from program fund (budgetary and proprietary accounts) to financing fund (budgetary, proprietary, and memorandum accounts)	HUDCAPS (GL Only)	OCFO Lender	As needed
Portfolio maintenance	17.	During the life of the loan additional memorandum accounts are available to capture amounts related to collections and further disbursement of funds to/from borrower.	HUDCAPS (GL Only)	OCFO Lender	As needed
Year-end transfer	18.	Record administrative expenses paid out of the program fund (budgetary / proprietary accounts) and record un-invested interest income credited by Treasury.	HUDCAPS (GL Only)	OCFO	Annually
Loan default variance between estimate and actual dollar amounts	19.	Compare actual default values to estimated amounts.		CPD/PIH Program Officials	As needed; may be once a year
	20.	Prepare re-estimates, and if necessary, submit a congressional appropriation request.		CPD/PIH Program Officials	Required at least once a year
Calculated re-estimate	21.	Submit revised apportionment schedule. Note: After revised apportionment schedule, process will continue with step 2	SF-132	CFO and Program Budget staff	As needed

Diagram 4-33 Administer Guaranteed Loans – Program Funds



4.3.5.2 Administer Guaranteed Loans – Financing Funds

Guaranteed loan programs provide assurance to the lender that, if the loan goes into default, HUD will make timely payment of principal and interest to the lender or make the loan good by taking the property or renegotiating the note. One of these programs, Section 108, has had no defaults to date due to HUD's ability to use CDBG funds to make loan repayments. For all guaranteed loan – finance fund programs, there have been approximately 20 total defaults to date. If the amount of defaults exceeds the subsidies collected to date, HUD has the authority to borrow from Treasury. This process is based on Credit Reform regulations. This program only has a general ledger and SF-224 function in HUDCAPS. There is no fund control in HUDCAPS for these funds.

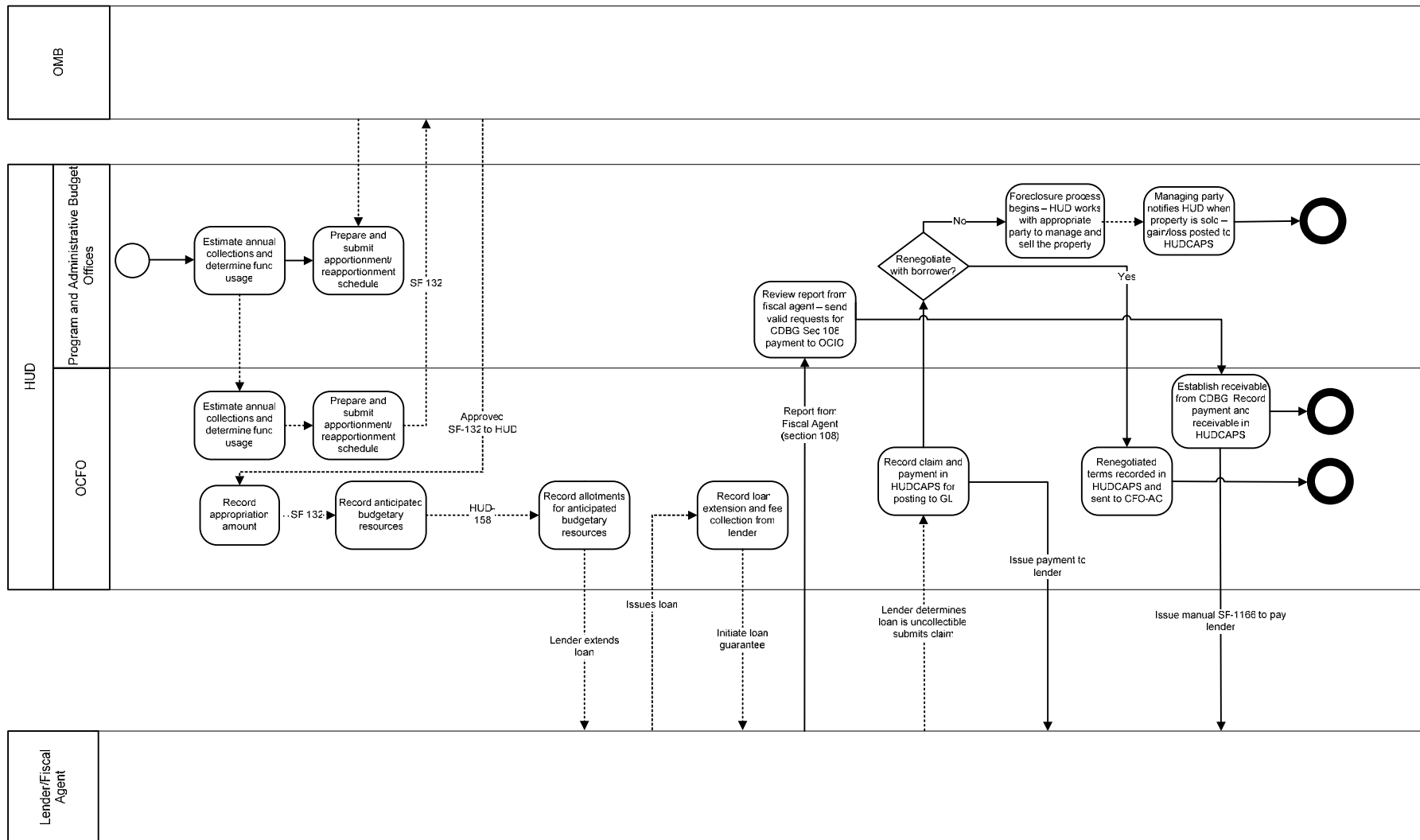
Table 4-35 Administer Guaranteed Loans – Financing Funds Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Preparation of the Presidents Budget	1. – 6.	See Budget Formulation Process		OMB	Annually
Continuing Resolution/Public Law	7.	Prepare apportionment/reapportionment schedule.	SF-132	CFO and Program Budget staff	Annually (will be revised during FY)
	8.	Submit apportionment/reapportionment schedule to OMB.	SF-132	CFO and Program Budget staff	Annually (will be revised during FY)
Receipt of Approved SF-132	9.	Receive approved SF-132 from OMB.	SF-132	OCFO	Annually (will be revised during FY)
Receipt of Approved SF-132	10.	Record appropriation enactment for the financing fund. Note: program funds use budgetary and proprietary accounts, financing funds use budgetary, proprietary, and memorandum accounts	HUDCAPS (GL only)	OCFO	Annually (will be revised during FY)
	11.	The financing fund records anticipated budgetary resources and uses memorandum accounts for the guaranteed loan amounts.	SF-132 HUDCAPS (GL only)	OCFO	Annually (will be revised during FY)
Receipt of Approved HUD-158	12.	Record allotments for anticipated budgetary resources.	HUD-158 HUDCAPS (GL only)	OCFO	Annually (will be revised during FY)
	13.	Lender extends loan to borrower subsequent to HUD property/borrower/loan compliance (memorandum accounts used here)		Lender	As needed

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Lender extends loan	14.	HUD extends loan guarantees to the lender. Record commitments and obligations as loans are issued. For Section 108, commitments and obligations are recorded when HUD approves the eligible community's application.	HUDCAPS (GL only)	OCFO	As needed
	15.	Record loan extension in memorandum accounts in financing fund.	HUDCAPS (GL only)	OCFO	As needed
Lender disburses loan	16.	Record fee collection from lender, as applicable to the specific program.	HUDCAPS (GL Only)	OCFO	As needed
Portfolio maintenance	17.	During the life of the loan additional memorandum accounts are available to capture amounts related to collections and further disbursement of funds to/from borrower.	HUDCAPS (GL Only)	OCFO	As needed
Unexecuted loan or loan executed for less than guarantee amount	18.	Occasionally, record de-obligations. In the financing fund, the entries to the memorandum accounts recording the loan extension will be reversed.	HUDCAPS (GL only)	OCFO	As needed
Claim Request	19.	Lender submits claim to HUD advising the HUD guarantee loan is uncollectible and requests payment. Note – Steps 14 – 17 are not applicable to Section 108. See Steps 18-20 for Section 108 process.		Lender	As needed
	20.	HUD submits request to OCFO for payment.		HUD Program area staff	As needed
	21.	OCFO issues payment on claim to lender		OCFO	As needed
	22.	OCFO records claim and payment in HUDCAPS for posting to general ledger.	HUDCAPS (GL only)	OCFO	As needed
Report from Fiscal Agent	23.	Fiscal agent informs CPD of section 108 loan payments not received on time		Lender Fiscal agent	As needed
	24.	CPD reviews fiscal agent report and sends valid requests to OCFO for Section 108 loan payments from CDBG funds.		CPD Program staff	As needed
	25.	OCFO issues manual SF-1166 paying lender. OCFO establishes receivable from CDBG funds. Payment and receivable are recorded in HUDCAPS for posting to the general ledger.	HUDCAPS (GL Only)	OCFO	As needed

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Re-negotiation	26.	On a case by case basis, HUD program staff may negotiate a new note for the loan with the borrower. Negotiated terms are provided to OCFO and, as needed, adjustments to memorandum accounts are recorded in HUDCAPS.	HUDCAPS (GL only)	HUD Program staff OCFO	As needed
Foreclosure	27.	Once HUD determines the only option is to foreclose, action is taken to acquire the property. NOTE: The CPD program office handling the Church Loan Guarantee Recovery Fund has made arrangements with the lender to take action to acquire the property.		HUD Program staff	As needed
Acquisition of Property	28.	Once property is acquired, HUD notifies the appropriate party who will manage and sell the property. (This has been done by FHA in the past). HUD also notifies OCFO who records the foreclosure in HUDCAPS for posting to general ledger.	HUDCAPS (GL only)	OCFO	As needed
	29.	The property management party advises OCFO of properties that have been sold. The party forwards amount of proceeds to sale to OCFO. OCFO records the sales, with applicable gain or loss, in HUDCAPS for posting to general ledger.	HUDCAPS (GL only)	Property Management Party OCFO	As needed
	30.	Prepare re-estimates and if necessary, adjust the subsidy amount between cohort years.		CPD/PIH program staff	Required at least once per year.

Diagram 4-34 Administer Guaranteed Loans – Financing Funds



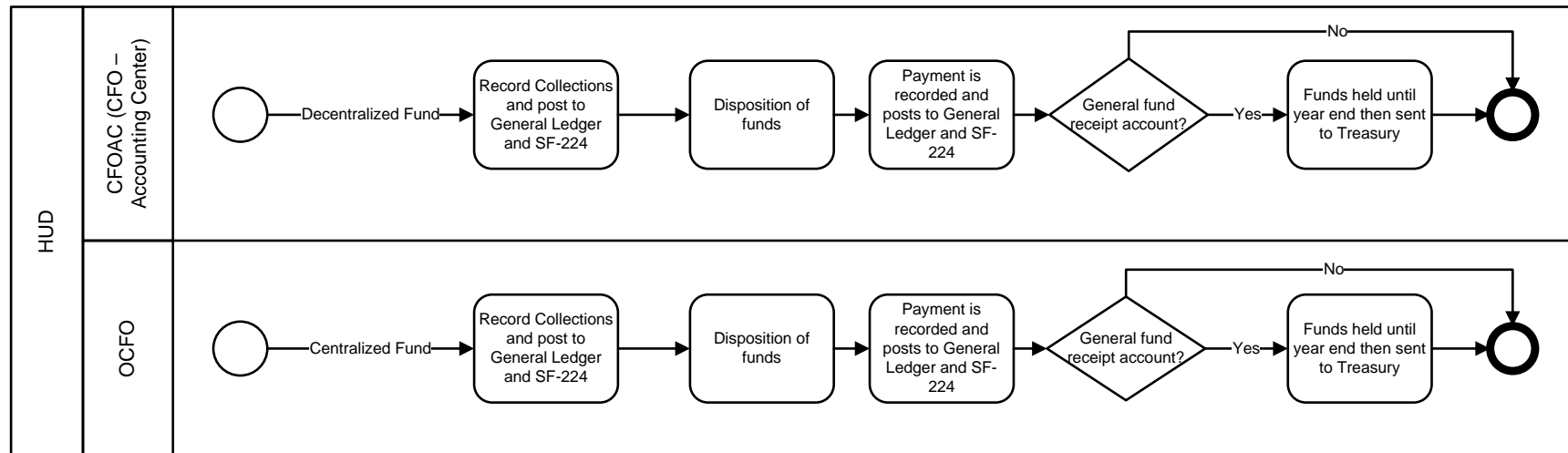
4.3.6 Administer Miscellaneous Funds

HUD has clearing accounts, receipt funds and deposit funds that record temporarily unidentified collections or funds that are unavailable to be used by HUD programs (for example, the wage restitution fund which is used to hold disputed wages incurred by HUD contractors pending resolution). No budgetary general ledger accounts are required for these types of funds, except for excess rental income (Fund 4041).

Table 4-36 Administer Miscellaneous Funds Activity Steps

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
If Centralized: Collections	1.	Collections are recorded in HUDCAPS. Excess rental income (Fund 4041) collections are also recorded in DARTS. HUDCAPS posts collections to general ledger, SF-224 and other appropriate tables.	HUDCAPS DARTS	OCFO	As needed
If Decentralized: Collections	1.	Collections can be recorded in either HUDCAPS or LOCCS. LOCCS notifies PAS via interface of collections. PAS, in turn, transmits these collections to HUDCAPS via the P2H interface for posting to general ledger and SF-224 table. Note: The majority of collections are recorded in HUDCAPS.	HUDCAPS LOCCS PAS	CFO-AC	As needed
	2.	Funds are held until disposition is known. Disposition could entail moving funds to another HUD appropriation (i.e. unidentified cash), refunding to Salary and Expense fund, refunding to a vendor or directing payment to a specific payee (i.e. wage restitution)	HUDCAPS	OCFO or CFO-AC	As needed
Disposition	3.	Upon disposition, payments are recorded in LOCCS or HUDCAPS. LOCCS notifies PAS via interface of the collection. PAS, in turn, transmits these collections to HUDCAPS via the P2H interface for posting to general ledger and SF-224 table.	HUDCAPS LOCCS PAS	OCFO or CFO-AC	As needed
Year End	4.	For general fund receipt accounts (i.e. 3220), collections remain in the fund until year end when they are withdrawn by Treasury.	HUDCAPS	OCFO or CFO-AC	Annually

Diagram 4-35 Administer Miscellaneous Funds



4.4 FHA

These business processes pertain to the FHA business area. MIL is still awaiting FHA confirmation on the completeness and validity of the FHA business processes as documented in this section.

4.4.1 Accounts Payable (Expenditures)

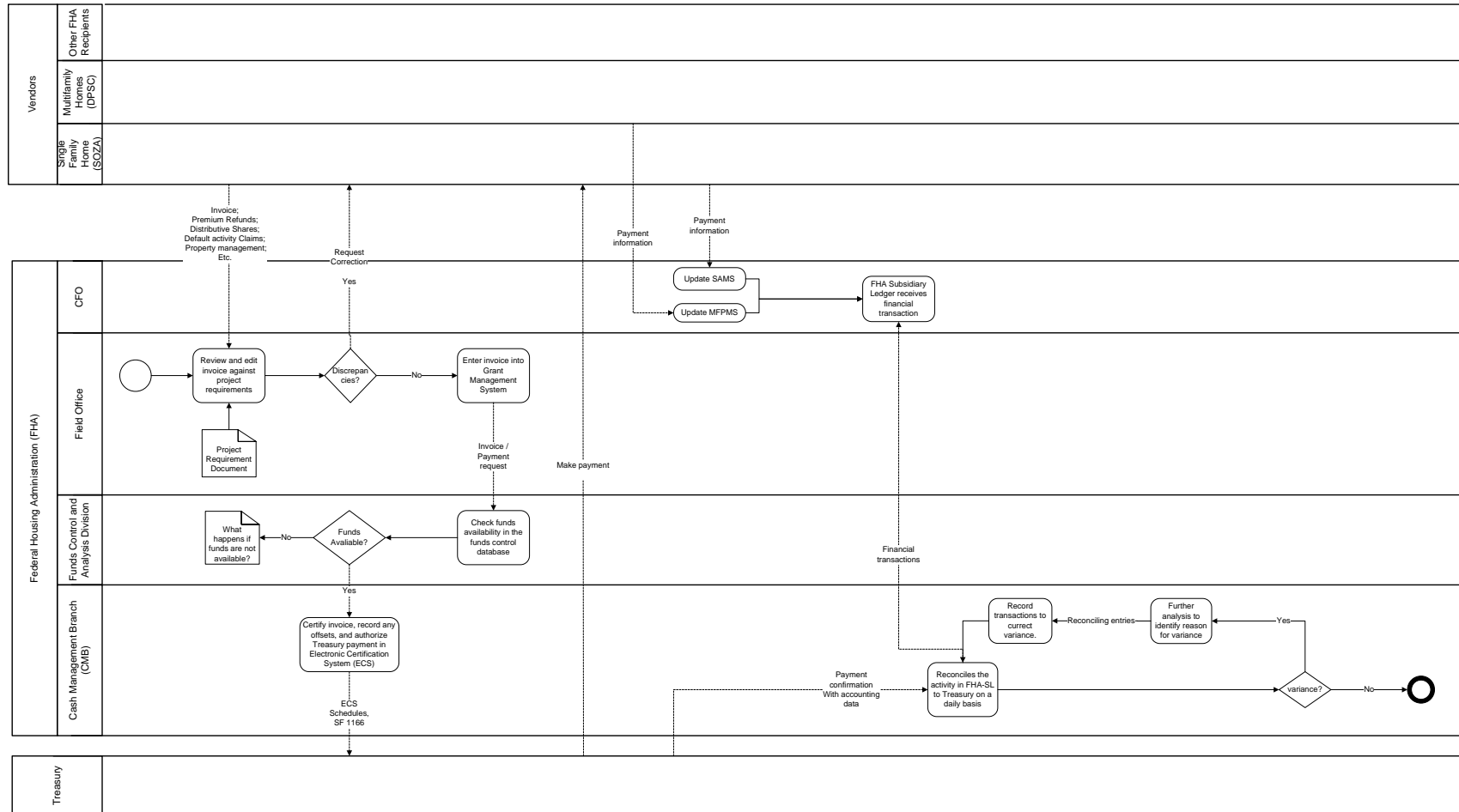
This is the payment process used by FHA to liquidate obligations such as refunds, claims, notes, etc. FHA expenditures related to claims, refunds, notes, etc. are generated in a variety of systems. A payment schedule file and an SF-1166 are generated, approved and processed to Treasury via the Electronic Certification System (ECS) for payment. Treasury returns a confirmation of payments and the subsidiary ledgers are updated with payment information.

Table 4-37 Execute Payments Activity Steps - FHA

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Receive claims, invoices, and other payment request documents	1.	FHA field office personnel review and edit the claims against the project requirements/review invoice, check against contract limits		GTR	
	2.	Field office personnel approve and forwards/enters invoice into grant management system and submit payment request.	CLAIMS (A43C) SFMNS/IFS (A80N) DCAMS (F71) TIIS (F72) MFIC (F75)	GTR	
	3.	An analyst from the Funds Control and Analysis Division (FACD) checks in the Funds Control (FC) database for availability of funds.	FC database	FACD	
	4.	Cash Management Branch (CMB) certifying officer records any offsets in Electronic Certification System (ECS) and creates an ECS schedule for the Department of Treasury. (disbursements are input and recorded in the ECS system by batches) Certification officer/CMB authorizes Treasury to pay: U.S. Department of Treasury DPSC (HUD Contractor)_MF Asset Management	ECS SF-1166 HUDCAPS(A75) ACH ACH	CMB certifying officer CMB HUD contractor HUD contractor	

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		SOZA (HUD Contractor)_SF Asset Management			
	5.	The U.S. Department of Treasury issues payment Treasury DPSC updates Multi Family Payment Management System (MFPMS) SOZA updates Single Family Acquired Asset Management System (SAMS)	Automated Process: SF-1166 ,SF-1164 / Automated Clearing House (ACH) /Treasury Financial Communication System (TFCS)/EFT/ECS/ Department of Treasury FEDWIRE Deposit System (FEDWIRE) FHA-SL (P013) MFPMS (F46) SAMS (A80S)	U.S. Department of Treasury HUD contractor HUD contractor	
Payment Confirmation with accounting data	6.	Financial transactions are interfaced in the FHA Subsidiary Ledger	FHA-SL (P013) MFPMS (F46) SAMS (A80S)	System interface	
	7.	Cash balances are automatically updated in FHA Subsidiary Ledger. The Cash Balance Report is automatically generated by FHA-SL. CMB reconciles the activity in FHA-SL to Department of Treasury on a daily basis.	FHA-SL (P013) SF-1166	CMB	

Diagram 4-36 Execute Payments - FHA



4.4.2 Accounts Receivables Management

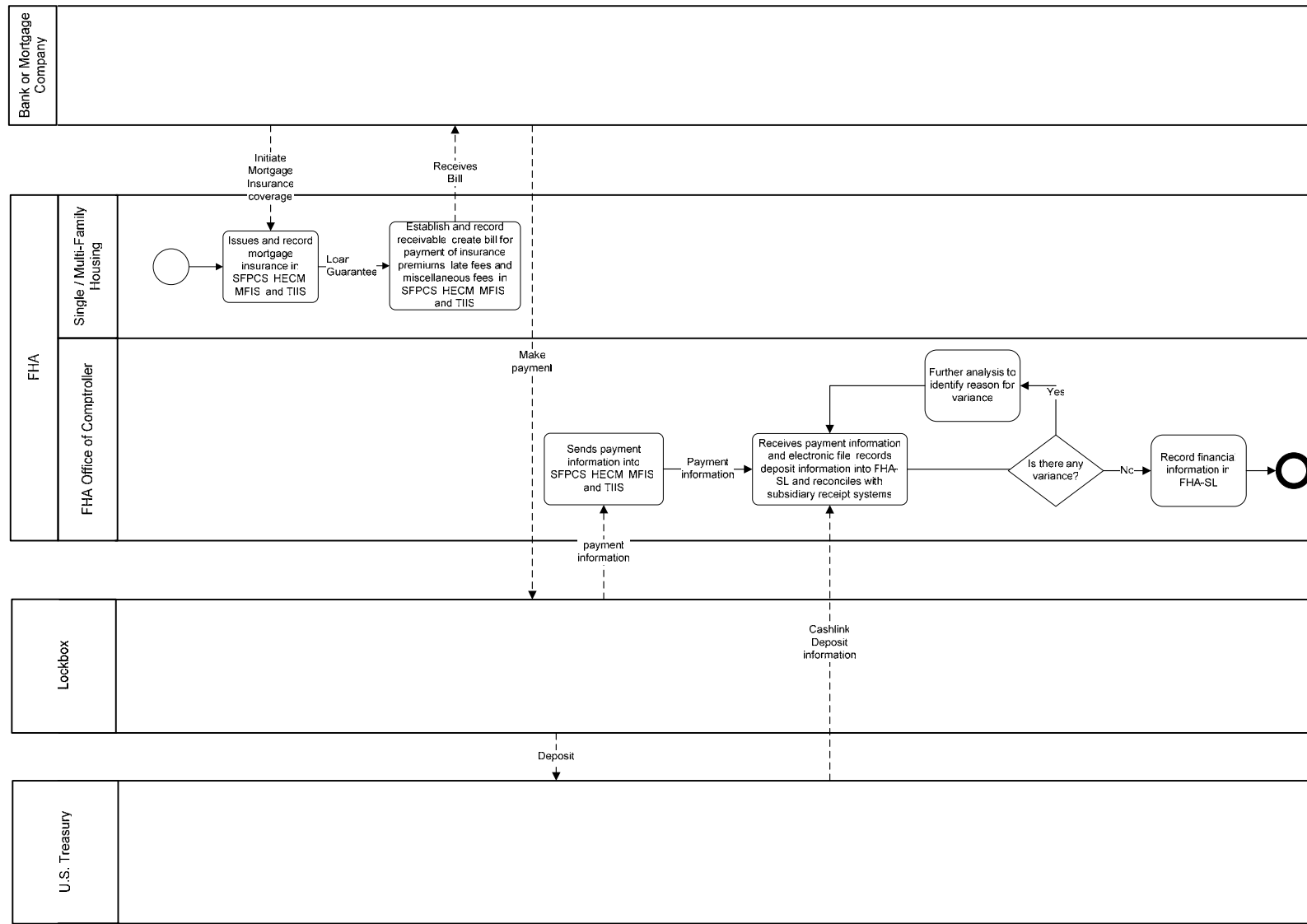
This process explains how FHA receives or accepts payment due from mortgagees on its mortgage loan programs. Collections of loan principal, interest, interest on advances, late charges, and service charges are recorded to the Confirmed Cash Account. Collections are usually made by the specified FHA lockbox designated to handle receivable functions. Daily collections are calculated and remitted to FHA's Accountant at the U.S. Treasury through a wire transfer from the lockbox bank.

Table 4-38 Manage Receivables Activity Steps - FHA

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Bank or mortgage company initiates mortgage insurance coverage	1.	FHA insures a Single Family or Multi Family mortgage financed by either a bank or mortgage company.	SFPCS-P (A80B) HECM (F12) MFIS (F47) TIIS (F72)	Single / Multi-Family Housing	Daily
Monthly bills are generated	2.	Banks and mortgage companies are billed for their insurance premiums, notes, late fees and miscellaneous fees and a receivable is established and recorded in the FHA financial systems.	SFPCS-P (A80B) HECM (F12) MFIS (F47) TIIS (F72)	Single / Multi-Family Housing	Monthly
Payment of a bill.	3.	The mortgage companies and banks direct their payments for mortgage Insurance premiums, note payments and other types of payments to a lockbox.	Lockbox	Bank / Mortgage Company	Daily
	4.	The lockbox wires the funds collected to the U.S. Department of Treasury and the Department of Treasury updates the CashLink system.	Lockbox	Bank	Daily
	5.	An electronic file is received from the bank giving detailed case level information to the Servicing Area and is interfaced into one of FHA's collection systems.	SFPCS (A80R) HECM (F12) MFIS (F47) TIIS (F72)	FHA Office of the Comptroller	Daily
Treasury sends an electronic file	6.	A file from Department of Treasury CashLink is downloaded to the FHA Subsidiary Ledger.	FHA-SL (P013)	U.S. Department of Treasury	

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Payments are downloaded into Receivable systems	7.	Reconciliation is performed between FHA-SL and the subsidiary receipt systems.	SFPCS (A80R) HECM (F12) MFIS (F47) FHA-SL (P013)	FHA Office of the Comptroller	Daily
	8.	Once all activity has been posted to the General Ledger, a manual reconciliation is performed in FHA-SL.	FHA-SL (P013)	FHA Office of the Comptroller	Daily

Diagram 4-37 Manage Receivables - FHA



4.4.3 Asset Management

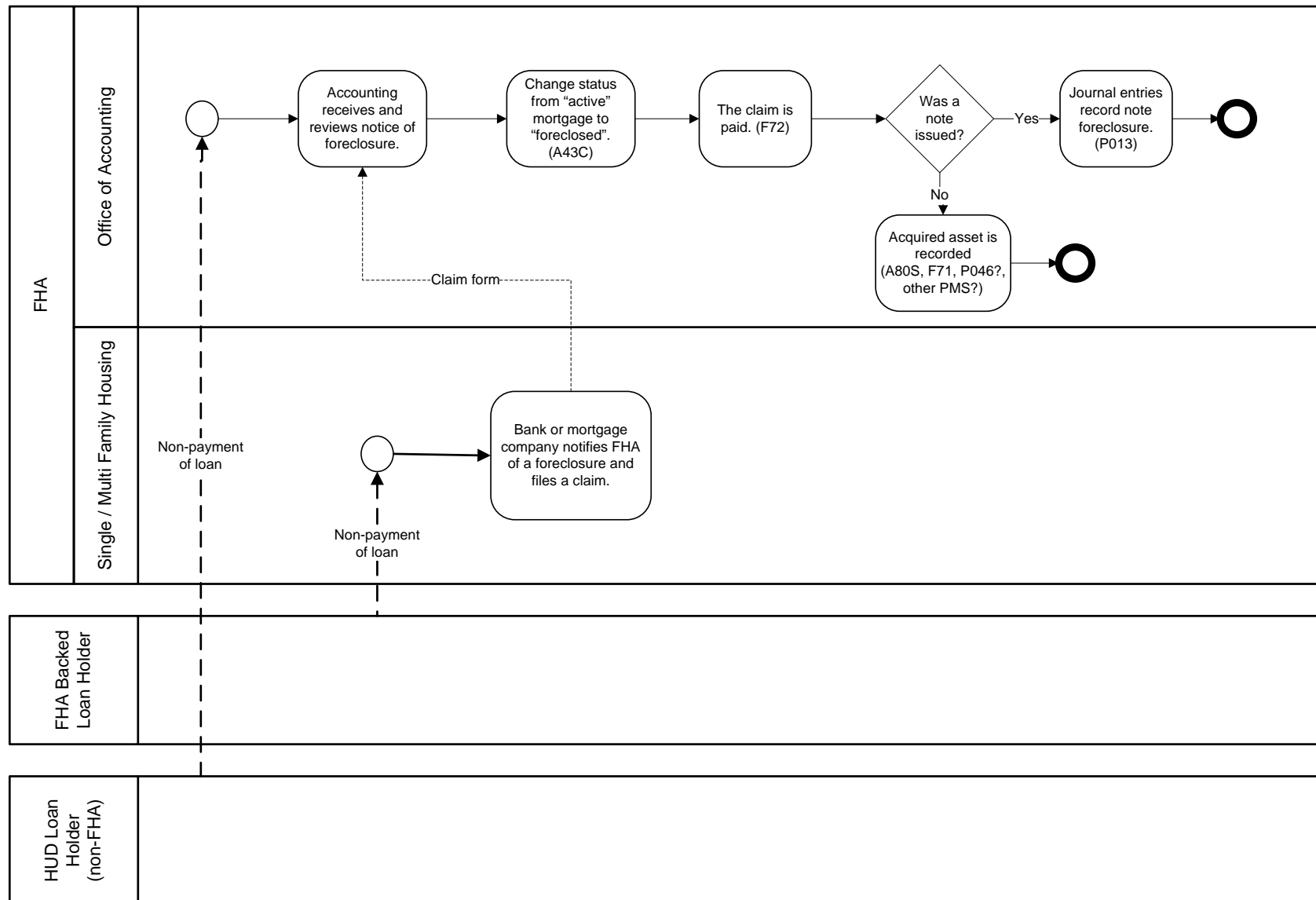
4.4.3.1 Acquire Real Estate

This process explains how FHA assumes custody of a real estate property. HUD acquires and takes possession of properties foreclosed or taken by deed-in-lieu of foreclosure of FHA-insured mortgages and certain special acquisitions, the most common of acquisition types. Special acquisitions arise as a result of foreclosure or deed-in-lieu of Secretary-held mortgages, Section 312 rehabilitation loans, Section 202 elderly home loans, and Title I Home Improvement Loans. Day-to-day property management is provided by a Real Estate Asset Manager.

Table 4-39 Acquire Real Estate Activity Steps - FHA

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Non-payment of loan	1.	When a lender forecloses on a FHA-insured note they file a claim and convey either the note or the property to FHA.		Office of Accounting Single / Multi Family Housing	
Foreclosure process	2.	The claim, conveyance and deed are processed by accounting.	TIIS (F72)	Office of Accounting	As necessary
	3.	The status of the note is changed from “active” to “foreclosed” in the appropriate system.	CLAIMS (A43C)	Office of Accounting	
	4.	The claim is written off and HUD is removed from the note.	TIIS (F72)	Office of Accounting	
	5.	The acquired asset is recorded in the appropriate asset management system.	SAMS (A80S) HMIMIS (P046) DCAMS (F71)	Office of Accounting	
	6.	Manual journal entries are made to the General Ledger to account for the defaulted note.	FHA-SL (P013)	Office of Accounting	

Diagram 4-38 Acquire Real Estate - FHA



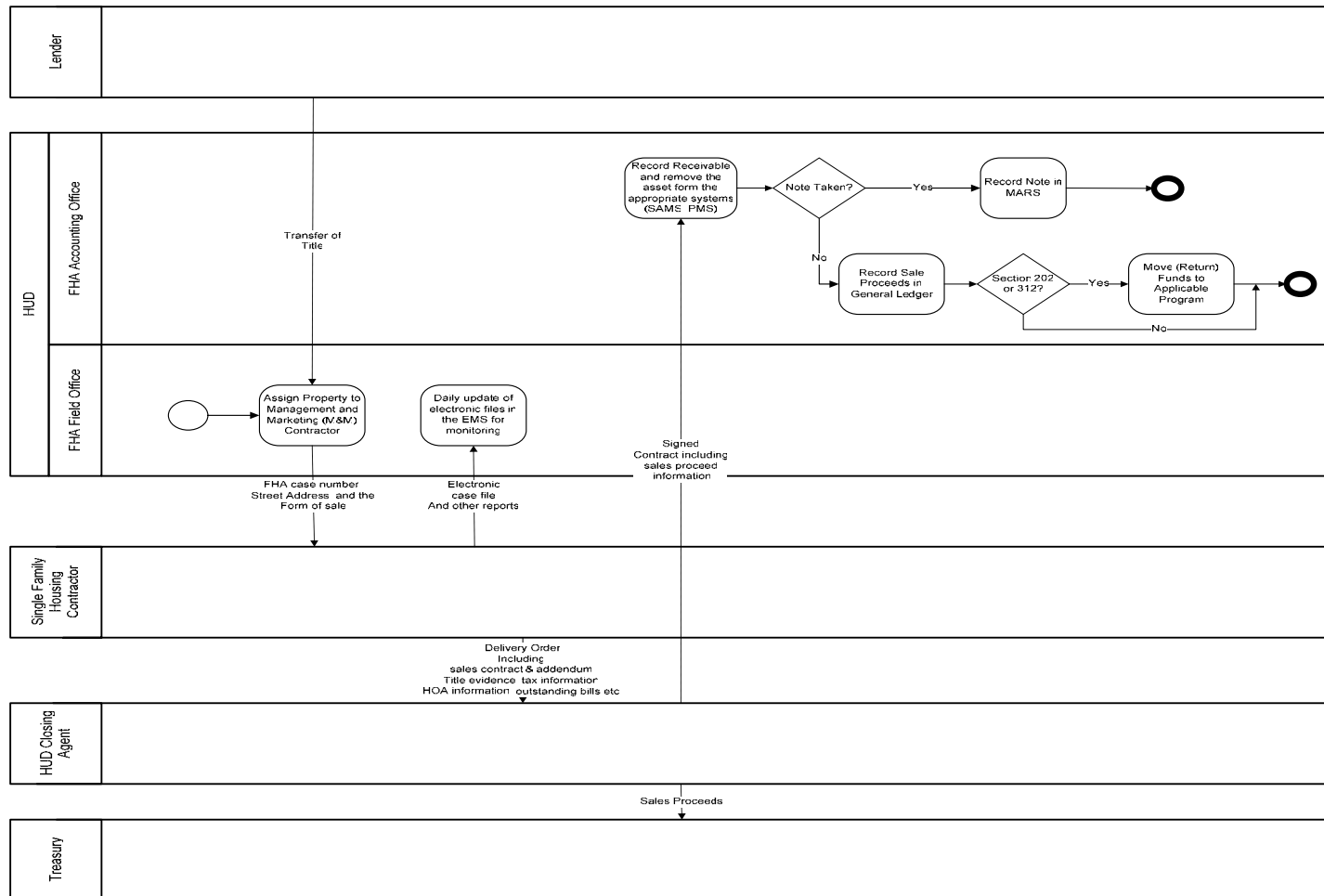
4.4.3.2 Dispose of Real Estate

This process explains how FHA maintains and transfers real estate properties under its custody. FHA is responsible for the processing of collections and disbursements of funds for the maintenance and sale of FHA properties. Headquarters' staff, Field Offices, Regional Offices, HUD's contractors, vendors, and contracted parties share the responsibilities for the administration of the property disposition. Each property represents a sizeable asset to the Department and must be protected to avoid potential fraud, waste, and mismanagement of HUD's funds. Field Offices are responsible for collecting and disbursing funds associated with the disposition and sale of acquired single family properties and for monitoring these activities to ensure that HUD's assets are protected.

Table 4-40 Dispose of Real Estate Activity Steps - FHA

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Transfer of Title to FHA	1.	Field Office assigns the property to a management and marketing (M&M) Contractor including the FHA case number, street address, and the form of sale.		FHA Field Office	As necessary
	2.	The Contractor manages and markets the property by administering a bid process and identifying the winning bidder. The Contractor also provides the Field Office with daily updates of electronic files in Electronic Messaging System (EMS).	EMS	Management and Marketing (M&M) Contractor	
Delivery Order sent to HUD Closing Agent	3.	HUD Closing Agent executes the closing process including signing of the contract and transfer of property Title to buyer. The proceeds of the sale are sent to Treasury.		HUD Closing Agent	
Signed Contract	4.	The Accounting Office records the receivable and removes the property from the Real Estate Management System.	SAMS (A80S), DCAMS (F71) PMS	FHA Accounting Office	
	4a.	If the property is sold for a note the note is set up in the appropriate receivable system.	MARS	FHA Accounting Office	
	5.	The Accounting Office makes manual journal entries to the General Ledger to account for the sale of the asset.	FHA-SL (P013)	FHA Accounting Office	
	5a.	If it is a Section 202 (Housing for Elderly) or Section 312 (Rehabilitation Loan Program), move funds to the applicable program.	FHA-SL (P013)	Accounting Office	

Diagram 4-39 Dispose of Real Estate - FHA



4.4.4 Financial Reporting

4.4.4.1 Generate SF-224 Statement of Transactions

This process explains how FHA provides the U.S. Department of Treasury with a monthly statement of disbursements and collections initiated by FHA that affect funds held by the Department of Treasury. SF-224 Statement of Transactions provides the Department of Treasury with a monthly statement of disbursements and collections initiated by the Department that affect all funds held by the Department of Treasury. A separate SF-224 is prepared for each ALC assigned to the FHA by Department of Treasury's FMS. A separate ALC is assigned for each separate organization component that initiates processes and records transactions that affect the Fund Balance with Department of Treasury accounts. The SF-224 consists of three (3) sections: 1) Classification of Disbursements & Collections by Appropriation, Fund & Receipt amount, 2) Control Total of Disbursement and Collection, 3) Status of Collections.

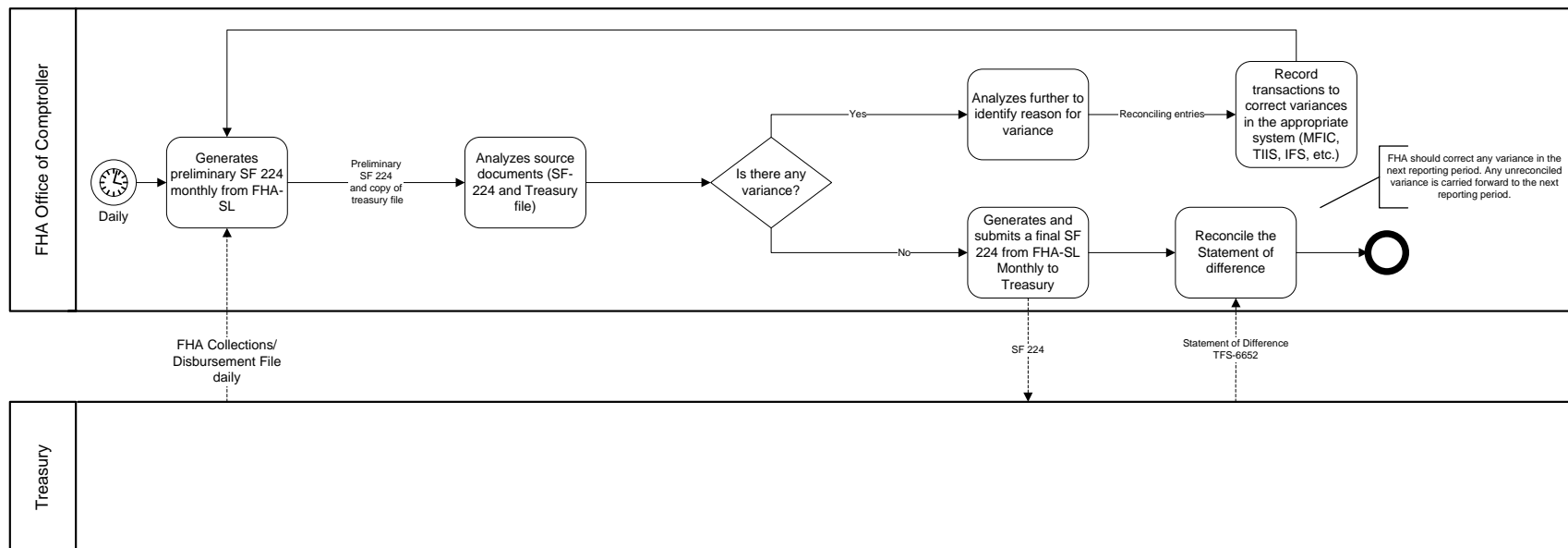
Table 4-41 Generate SF-224 Statement of Transactions Activity Steps - FHA

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Treasury sends file of FHA Collections / Disbursements on a daily basis	1.	FHA-SL receives the daily collections/disbursements file for FHA and generates a preliminary SF-224 monthly.	FHA-SL (P013)	U.S. Department of Treasury	Daily
Both preliminary SF-224 and copy of Treasury file are received	2.	FHA staff performs analysis and comparison of the preliminary SF-224 and a copy of the U.S. Department of Treasury file		FHA	
Variance in Statements	2a.	If there are discrepancies, further analysis is conducted to identify the reason for the variance.		FHA	
	2b.	Transactions to correct the variances are made in the appropriate system; a new SF-224 is generated and again analyzed in step 2.	MFIC (F75) TIIS (F72) IFS	FHA	
No variance in statements	3.	Once there are no variances, FHA Office of the Comptroller staff generates and submits a final SF-224 from FHA-SL to	FHA-SL (P013)	FHA – Office of Comptroller	

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		Department of Treasury.			
Final SF-224 received	4.	U.S. Department of Treasury generate Statement of difference (TFS 6652)		FHA – Office of Comptroller U.S. Department of Treasury	
FHA receives TFS 6652	5.	FHA Office of the Comptroller staff reconciles the Statement of Differences: <ul style="list-style-type: none"> FHA should correct any variance in the statement of difference in the next reporting period. Any un-reconciled variance is carried forward to the next reporting period. 		FHA – Office of Comptroller	

Diagram 4-40 Generate SF-224 Statement of Transactions Report

FHA SF 224 Process



4.4.5 Loan Management

4.4.5.1 Administer Guaranteed Loan

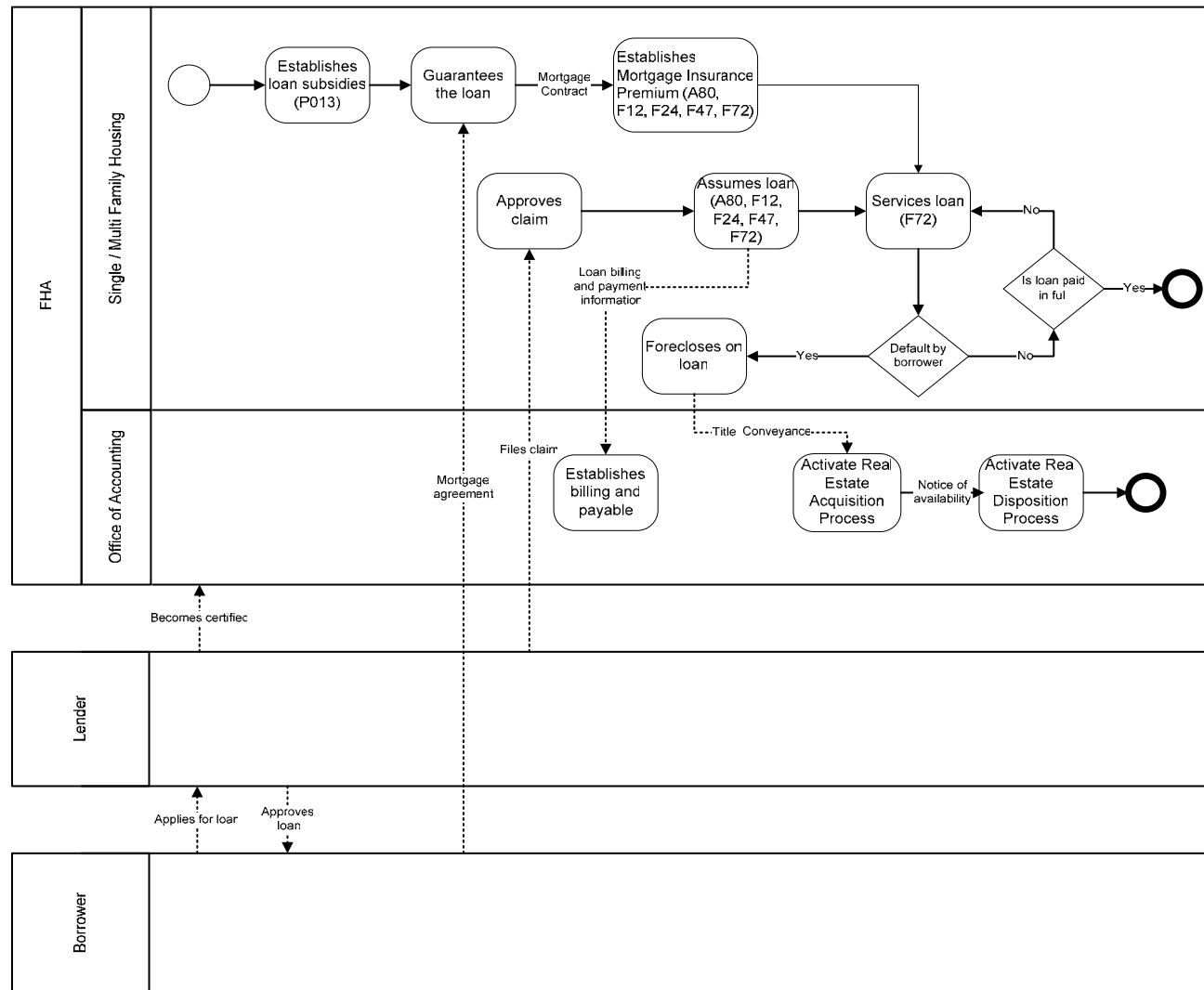
This process explains how FHA provides assurance to lenders who supply FHA backed loans. The Loan Guarantee process starts when FHA issues an insurance policy on loans that meet the underwriting requirements of the National Housing Act. This insurance policy provides assurance to the lender that if the loan goes into default FHA will make the loan good by taking the property and paying off the lender either in cash or with debentures guaranteed by the United States Government. This insurance is funded by a Mortgage Insurance Premium (MIP) charged to the borrower as either an installment or a lump sum payment.

Table 4-42 Administer Guaranteed Loan Activity Steps - FHA

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Setting up a Loan Subsidy Reserve	1.	FHA calculates and sets aside a Loan Subsidies amount in its budget based on anticipated needs of FHA certified lenders.	FHA-SL (P013)	Single / Multi Family Housing	Annual
	2.	Primary market lender applies and is certified as an FHA approved/certified lender.		Lender	Daily
		Lender extends the mortgage/loan to borrower subsequent to FHA property/borrower/loan compliance.		Lender	Daily
Signed mortgage agreement	3.	FHA guarantees/insures the loan made by the FHA lender to the qualifying borrower.		Single / Multi Family Housing	Daily
FHA Insured loan	4.	FHA requires the borrower to pay a Mortgage Insurance Premium (MIP) as a percentage (%) of the Unpaid Principle Balance (UPB).	SFMN(A80N) SFPCS (A80R) HECM (F12) (F24) MFIS (F47) TIIS (F72)	Single / Multi Family Housing	Monthly
Lender files a claim	5.	Loan agreement/mortgage is interrupted or curtailed: <ul style="list-style-type: none"> • Foreclosure, prepayment, curtailment, refinancing • Damage or destruction • Lender/borrower default and FHA noncompliance 		Single / Multi Family Housing	As necessary
Claim is approved	6.	FHA assumes the loan from the Lender. (FHA receives the note for the loan if the borrower has defaulted.)	SFMN(A80N) SFPCS (A80R) HECM (F12) ???	Single / Multi Family Housing Office of	As necessary

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
			(F24) MFIS (F47) TIIS (F72)	Accounting	
Loan still viable	7.	FHA services the loan (third party loan servicers), possibly engage in loss mitigation measures	TIIS (F72)	Single / Multi Family Housing Office of Accounting	As necessary

Diagram 4-41 Administer Guaranteed Loans - FHA



4.5 Ginnie Mae

These business processes pertain to the Ginnie Mae business area. MIL is still awaiting responses from users and stakeholders.

4.5.1 Accounts Payable (Expenditures) Management

This is the payment process used by Ginnie Mae to liquidate obligations such as default related and finance contracts. Ginnie Mae pays directly for the following types of expenditures; default related and finance contracts. The default related expenditures include advances to security holders, mortgage acquisition costs, and property management expenses. While the finance contract expenditures are to contractors who provide operational and program related support. All requests for payment are made directly to the Ginnie Mae Office of Finance.

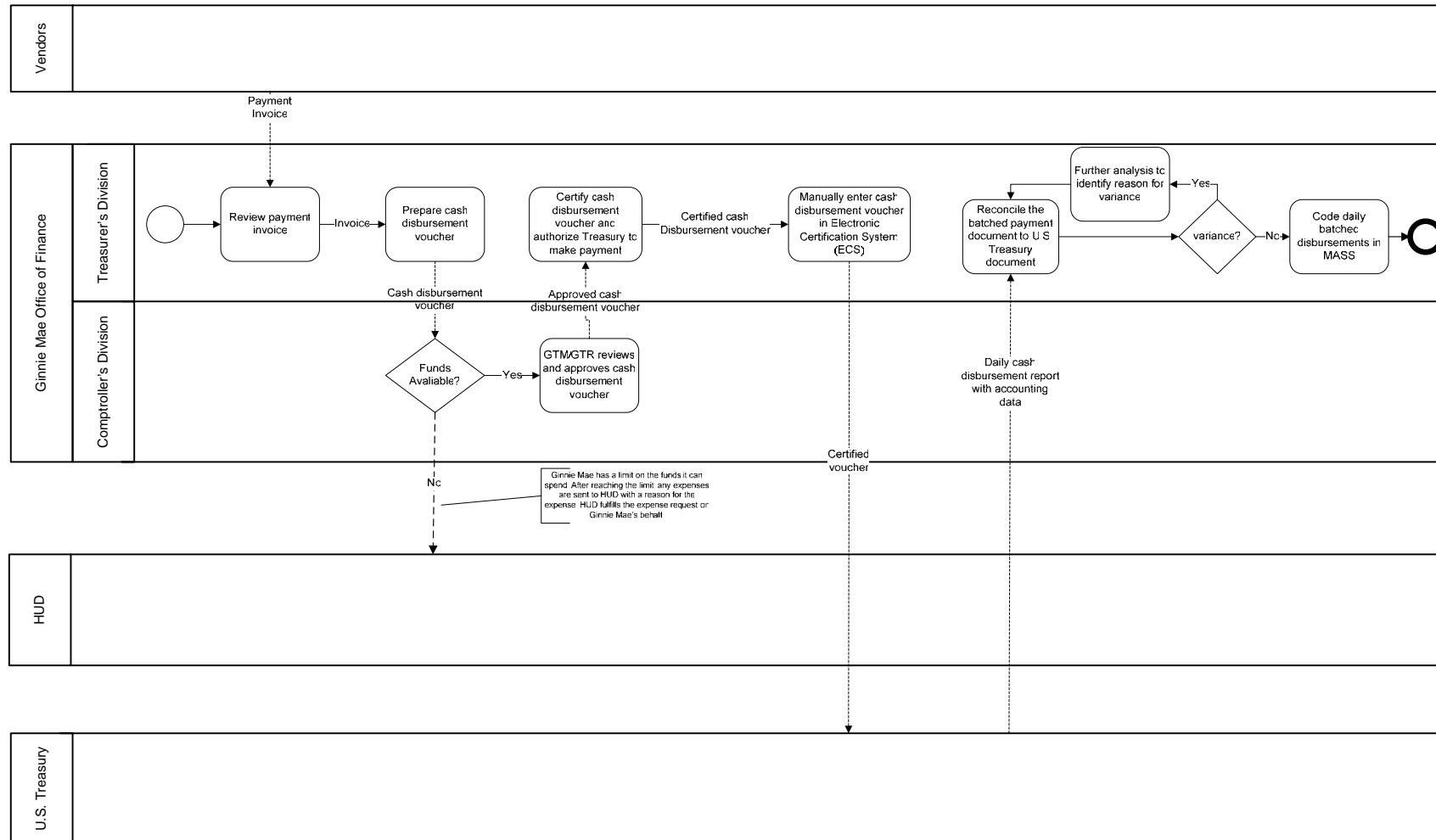
Payments for services received are certified electronically on an on-line Department of Treasury Payment Certification System, with payment being made from the Department of Treasury. For finance type contracts, the disbursements are entered directly into the Macola Accounting Software System (MASS). For sub-servicer expenditures, the disbursements are posted to the Default Management System (DMS), with the data being subsequently downloaded into MASS.

Table 4-43 Execute Payments Activity Steps – Ginnie Mae

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Document requesting payment is submitted to Ginnie Mae Office of Finance	1.	Document is reviewed for appropriate form.		Office of Finance GTR	As often as required.
	2.	Disbursement voucher is prepared for approved invoice documents.		Office of Finance Comptroller	As often as required.
	3.	Cash Disbursement voucher is sent to GTR for approval.		Office of Finance GTR	As often as required
	4.	Cash Disbursement voucher is certified by Finance Office for payment.		Office of Finance Comptroller's Division	As often as required
	5.	Voucher is keyed into U.S. Department of Treasury ECS system	U.S. Department of	Office of Finance	As often as required

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		and sent to the U.S. Department of Treasury for payment.	Treasury ECS system		
	6.	U.S. Department of Treasury issues payment for approved Cash Disbursement vouchers and sends Daily Cash Disbursement Report.		U.S. Department of Treasury	As often as required
	7.	Ginnie Mae receives Daily Cash Disbursement Report form U.S. Department of Treasury.		U.S. Department of Treasury Office of Finance	As often as required
	8.	Reconciliation to U.S. Treasury documentation from the batched payment documentation.		Office of Finance	As often as required
	9.	Daily batched disbursements are coded into Macola (MASS) general ledger.	Macola (MASS)	Office of Finance	As often as required

Diagram 4-42 Execute Payments – Ginnie Mae



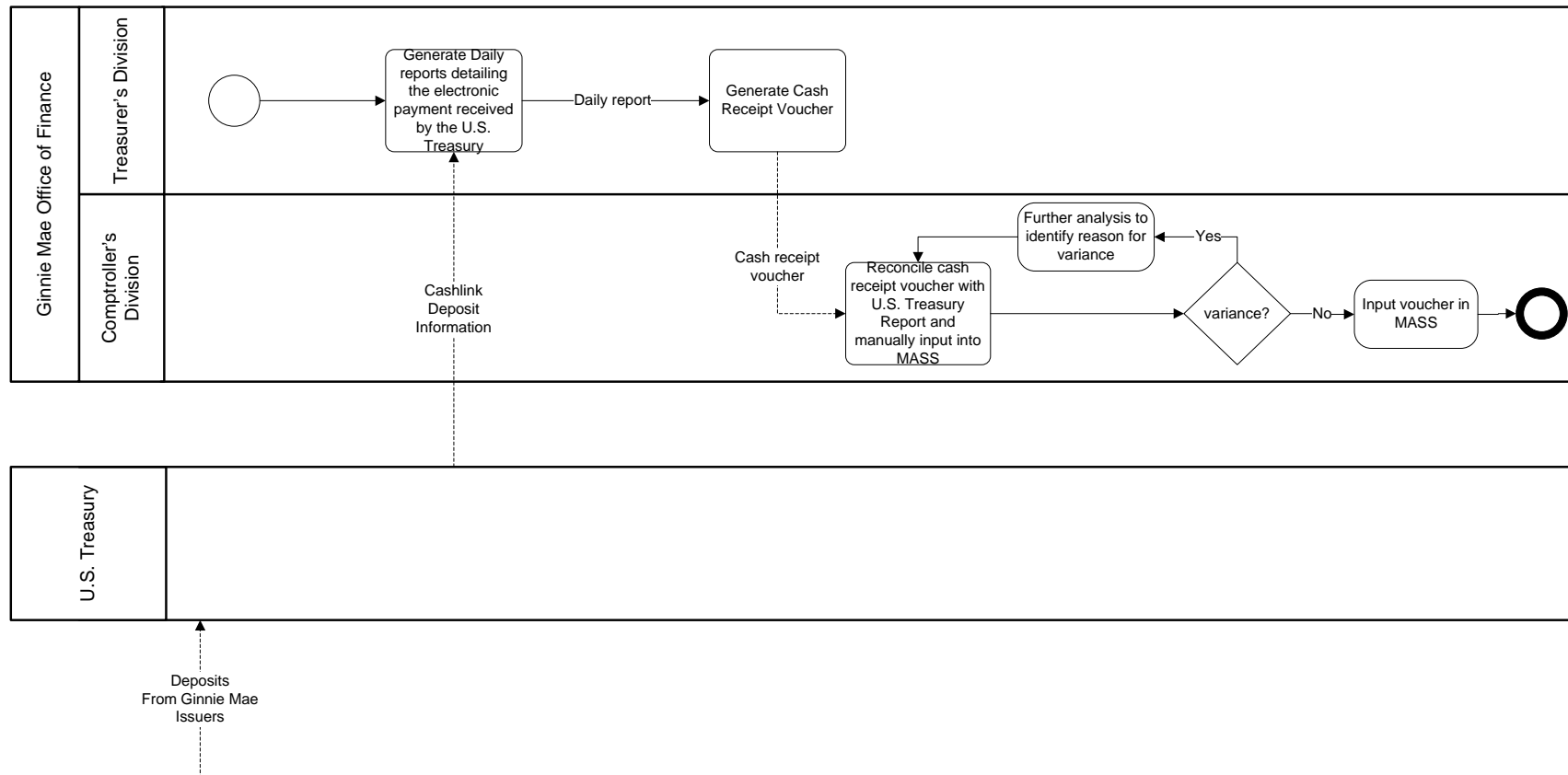
4.5.2 Accounts Receivables Management

This process explains how Ginnie Mae receives or accepts payments due from issuers on Ginnie Mae Mortgage Backed Securities (MBS) and interest earned on the U.S. Government Securities held by Ginnie Mae. The majority of cash received by Ginnie Mae is generated through various fees charged to issuers on Ginnie Mae's Mortgage Backed Securities (MBS) and the interest earned on the U.S. Governments Securities held by Ginnie Mae. Cash is handled electronically and managed through the U.S. Cash Link System. Daily reports are generated by U.S. Cash Link System in Ginnie Mae's Office of Treasury, detailing the electronic payments received by the U.S. Treasury on Ginnie Mae's behalf. From these reports, Cash Receipt Vouchers are generated by the Treasurer's office and forwarded to the Comptrollers office for recording. They are reconciled to Department of Treasury's daily report and manually input into the Macola Accounting Software System (MASS).

Table 4-44 Manage Receivables Activity Steps – Ginnie Mae

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Payment sent by Ginnie Mae issuers to Treasury	1.	U.S. Department of Treasury receives and records deposits electronically to Ginnie Mae's Agency Location Code through the U.S. Department of Treasury Cash Link System.	U.S. Department of Treasury Cash Link System	U.S. Department of Treasury	Daily
	2.	Daily reports are generated by U.S. Cash Link System in Ginnie Mae's Treasures Office, detailing the electronic payments received by the U.S. Treasury.	U.S. Department of Treasury Cash Link System	Ginnie Mae Treasurer's Office	Daily
	3.	From Daily Reports, Cash Receipt Vouchers are generated by the Treasurer's office and forwarded to the Comptrollers Office for recording.		Treasurer's Office Comptroller's Office	Daily
	4.	The vouchers are reconciled to Treasury's daily report and manually input into the Macola Accounting Software System (MASS).	Macola (MASS)	Comptroller's Office	Daily

Diagram 4-43 Manage Receivables – Ginnie Mae



4.5.3 Financial Reporting

4.5.3.1 Generate SF-224 Statement of Transactions

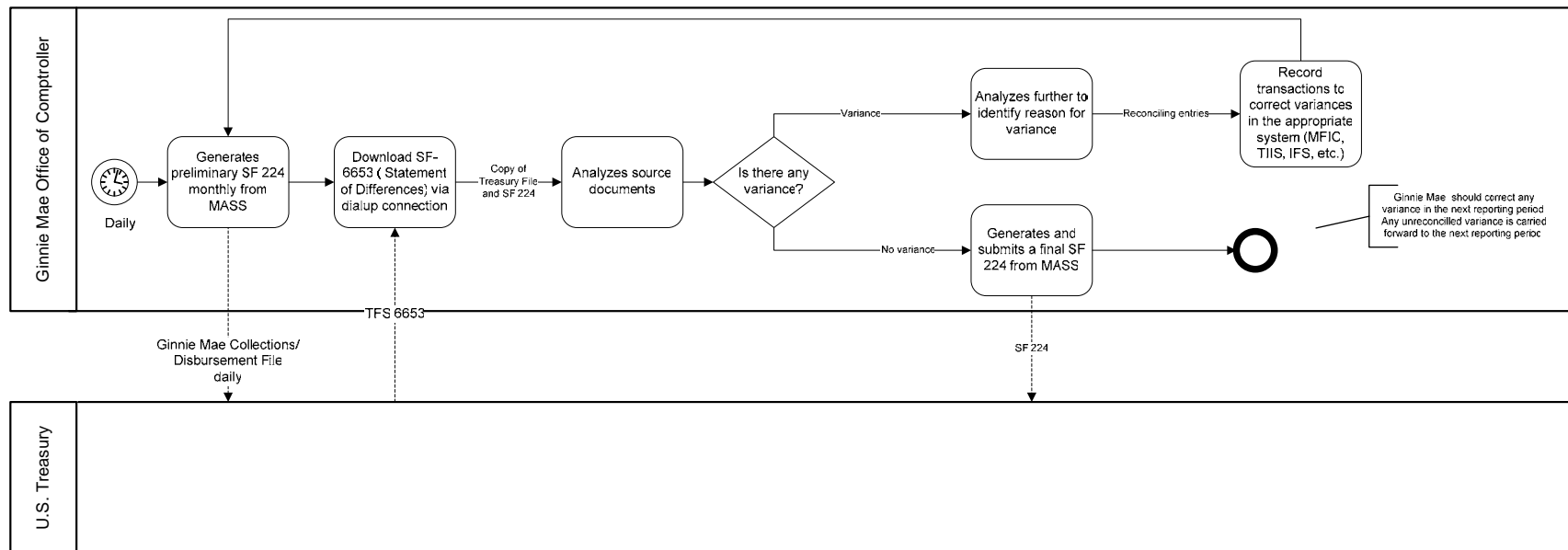
This process explains how Ginnie Mae provides the Department of Treasury with a monthly statement of disbursements and collections initiated by them that affect funds held by Department of Treasury. Cash Disbursements and Cash Receipts are reconciled monthly by the Comptroller's Office at Ginnie Mae with the SF-224, Statement of Transactions. This report lists monthly disbursements and collections and details the cash balances in MASS. The SF-224 is downloaded and electronically submitted to the U.S. Department of Treasury for reconciliation. Any differences in the account balances between Ginnie Mae and Department of Treasury are noted on the SF-6653, Statement of Differences, produced by the U.S. Department of Treasury. The Department of Treasury submits the SF-6653, Statement of Differences, to Ginnie Mae and any differences noted on the report are investigated and resolved by Ginnie Mae.

Table 4-45 Generate SF-224 Statement of Transactions Activity Steps – Ginnie Mae

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Federal Reporting requirements	1.	U.S. Department of Treasury provides reports to Ginnie Mae monthly on data submitted by Ginnie Mae via the U.S. Department of Treasury GOALS system.	GOALS II		Monthly
	2.	Disbursements and collections to various FMS Agency Location Codes are processed throughout the month. At month end, the SF-224 is prepared, reviewed and finalized prior to submitting to U.S. Department of Treasury FMS via GOALS.	SF-224	Comptroller's Office	Monthly
	3.	The Statement of Transactions (SF-224) is reconciled monthly. Differences between the SF-224 and disbursements and collections recorded by U.S. Department of Treasury and reported back to U.S. Department of Treasury must be tracked and reported back to the U.S. Department of Treasury each month.	SF-224	Comptroller's Office	Monthly
	4.	The U.S. Department of Treasury requires the submittal of the SF-224 (The Statement of Transactions) among other files and reports for each ALC assigned to Ginnie Mae by U.S. Department of Treasury FMS.	MASS SF-224	Comptroller's Office	Monthly
	5.	The U.S. Department of Treasury receives the SF-224 and generates the SF-6653, Statement of Differences. Ginnie Mae dials in and directly downloads the SF-6653.	SF-6653 GOALS	Comptroller's Office	12 th day of each month

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	6.	Comptrollers Office receives and reviews the Statement of Differences and reconciles any variances.	SF-6653	Comptroller's Office	Monthly

Diagram 4-44 Generate SF-224 Statement of Transactions – Ginnie Mae



4.5.3.2 Generate FACTS I, SF-133, and Consolidated Financial Statement Reporting

This process shows how Ginnie Mae reports to the Treasury on its budget execution and budgetary resources.

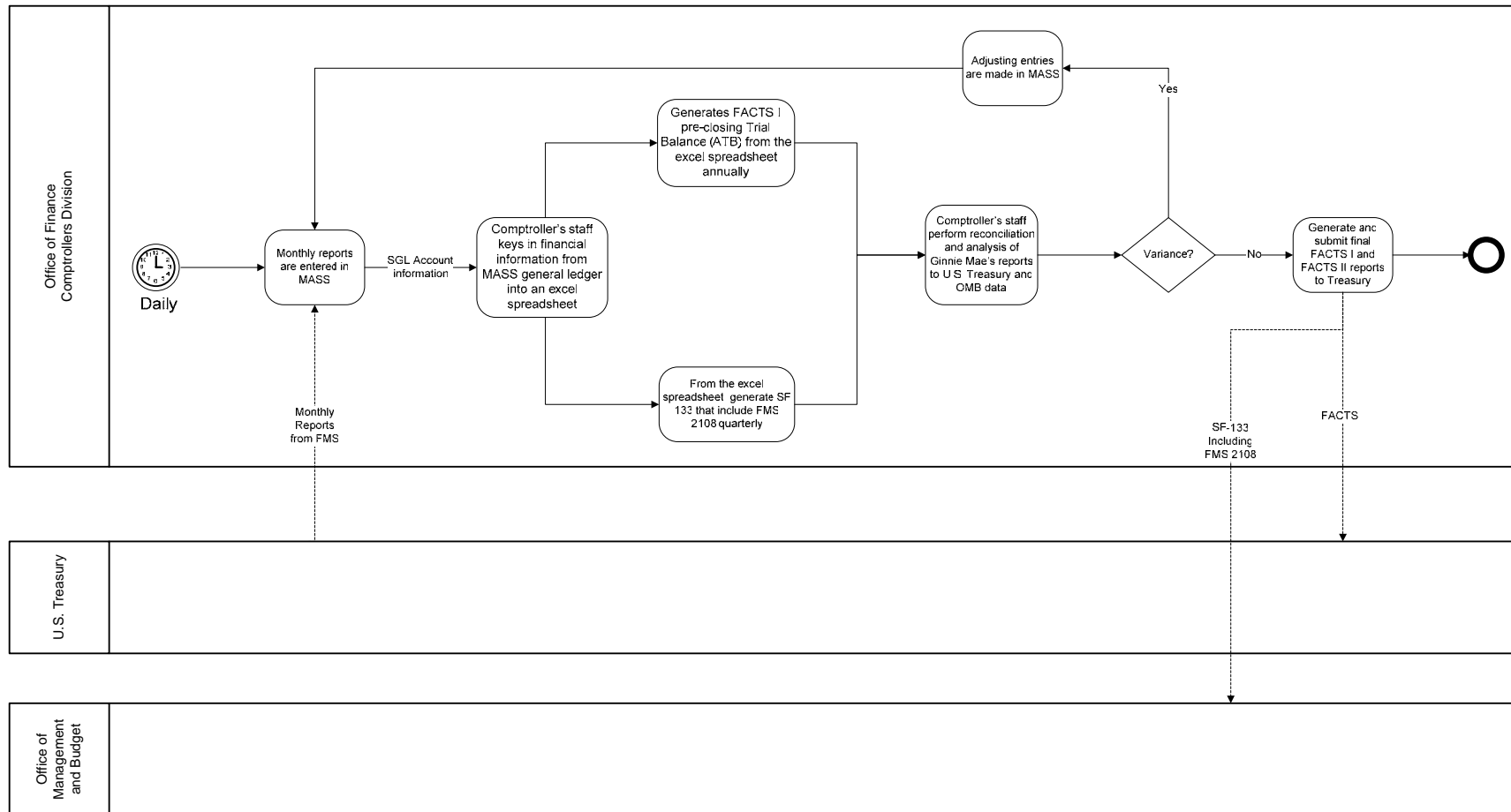
- FACTS I
- FACTS II
 - SF-133 Report on Budget Execution and Budgetary Resources
 - Program and Financing (P&F) Statement
 - FMS Form 2108 Year End Closing Statement
- Consolidated Financial Statements

Table 4-46 Generate FACTS I, SF-133, and Consolidated Financial Statement Reporting Activity Steps – Ginnie Mae

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Federal reporting requirements	1.	U.S. Department of Treasury Processes Ginnie Mae's accruals and disbursements activities; provides monthly reports to Ginnie Mae via U.S. Department of Treasury's FMS system and are then entered into Macola (MASS).	Macola (MASS)	U.S. Department of Treasury Comptroller's Office	Daily
	2.	The Comptroller's Office key in financial information from the general ledger into an excel spreadsheet in preparation for generating required Federal reports.		Comptroller's Office	Monthly
	3.	The Office of the Comptroller prepares the following reports: FACTS I <ul style="list-style-type: none"> • FACTS I, Pre-closing Trial Balance (ATB) Other Reports <ul style="list-style-type: none"> • SF-133: Report on Budget Execution and Budgetary Resources - FMS Form 2108 Year End Closing Statement 	FACTS I SF-133, P&F FMS 2108	CFO-AC	FACTS I Annually SF-133 and FMS 2108 done Quarterly

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		<ul style="list-style-type: none"> Program and Financing (P&F) Statement. 	GOALS		
	4.	The Comptroller's Office verifies and reconciles Ginnie Mae's reports and data to the U.S. Department of Treasury's reports.		Comptroller's Office	Monthly
	5.	If necessary adjusting entries are made in Macola (MASS)	Macola (MASS)	Comptroller's Office	Monthly
	6.	FACTS I is submitted to U.S. Department of Treasury and SF -133 is submitted to Office of Management and Budget (OMB).	GOALS	Comptroller's Office	Yearly

Diagram 4-45 Generate FACTS I, SF-133, and Consolidated Financial Statements – Ginnie Mae



4.6 OFHEO

These business processes pertain to the OFHEO business area. MIL is still awaiting responses from a few users and stakeholders.

4.6.1 Funds Management

4.6.1.1 Formulate Budget

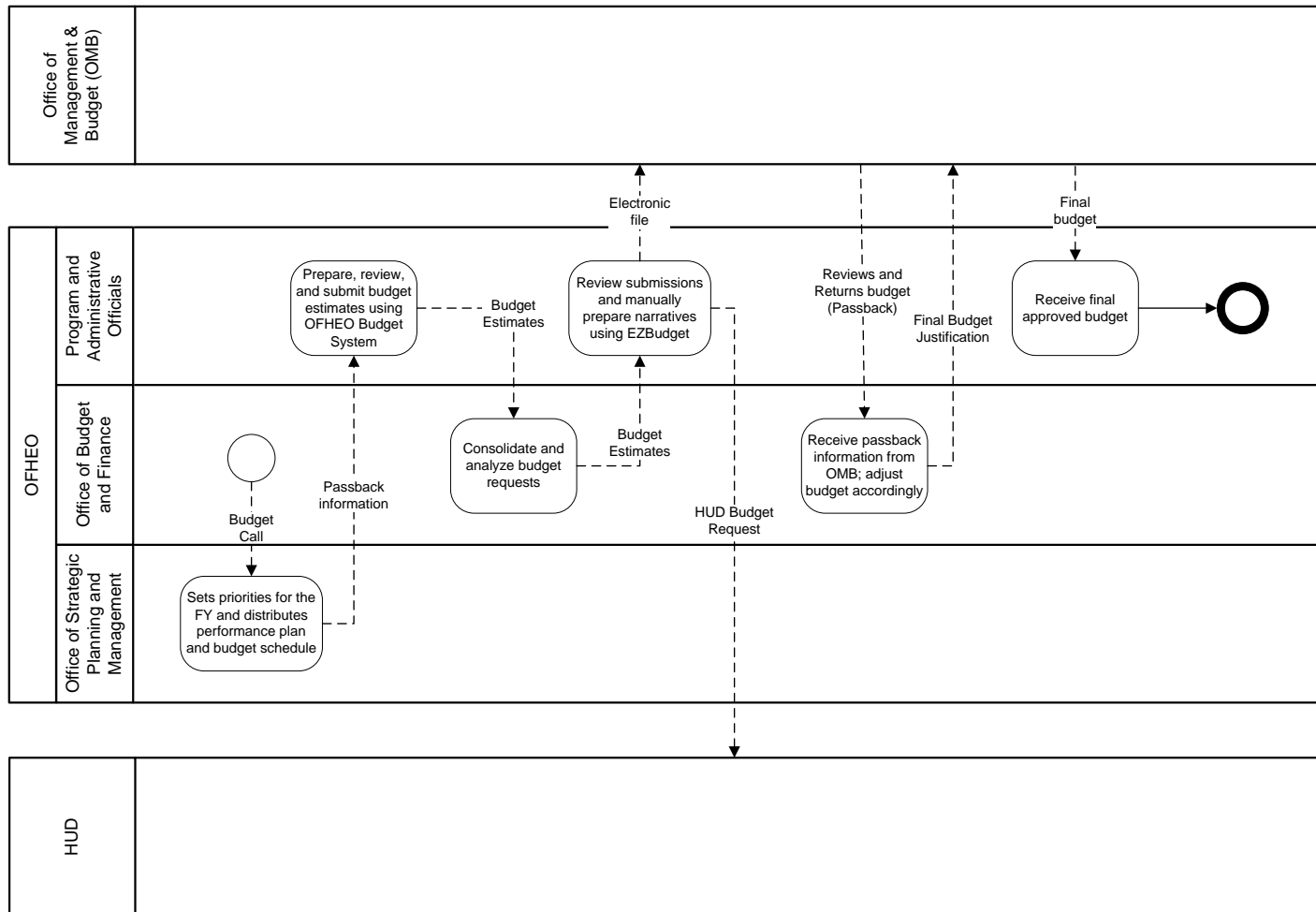
This section describes OFHEO's budget formulation process.

Table 4-47 Formulate Budget Activity Steps - OFHEO

Trigger	Activity Steps No.	Activity Description	Source/Systems	Performed By	Frequency
Budget Call	1.	OFHEO DIRECTOR sets priorities for fiscal year and distributes performance plan and budget schedule.		Office of Budget & Finance Office of Strategic Planning and Management	annual
	2.	Each program and administrative office submits its budget to the Budget Office where it is reviewed.	OFHEO Budget System	Program and Administrative Officials	At least annual
	3.	Consolidates budget requests into an OFHEO request and performs analysis on requests, resolves issues, and briefs Director. Revises budget until Director approves.	OFHEO Budget System	Office of Budget and Finance	At least annual
	4.	Prepares Narrative. Provides narrative for executive review and approval	EZBudget	Office of Budget and Finance	At least annual
	5.	Provides Final Budget Request to HUD and transmit electronic file to OMB	EZBudget	Office of Budget and Finance	Annual
OMB Passback	6.	Receives passback, discusses with OMB		Office of Budget and Finance	Annual
OMB Decision	7.	Recalculate budget to conform to President's budget, brief Director on options	OFHEO Budget System	Office of Finance and Budget	At least Annual

Trigger	Activity Steps No.	Activity Description	Source/Systems	Performed By	Frequency
OMB forwards final approved budget	8.	Submit final budget justification to Congress: <ul style="list-style-type: none">• Goals and strategies• Financial performance• Financial management systems structure• Grants management• Capital Investments• IT Investments• Financial Management	EZBudget	Office of Budget and Finance	

Diagram 4-46 Formulate Budget – OFHEO



4.6.1.2 Execute Budget

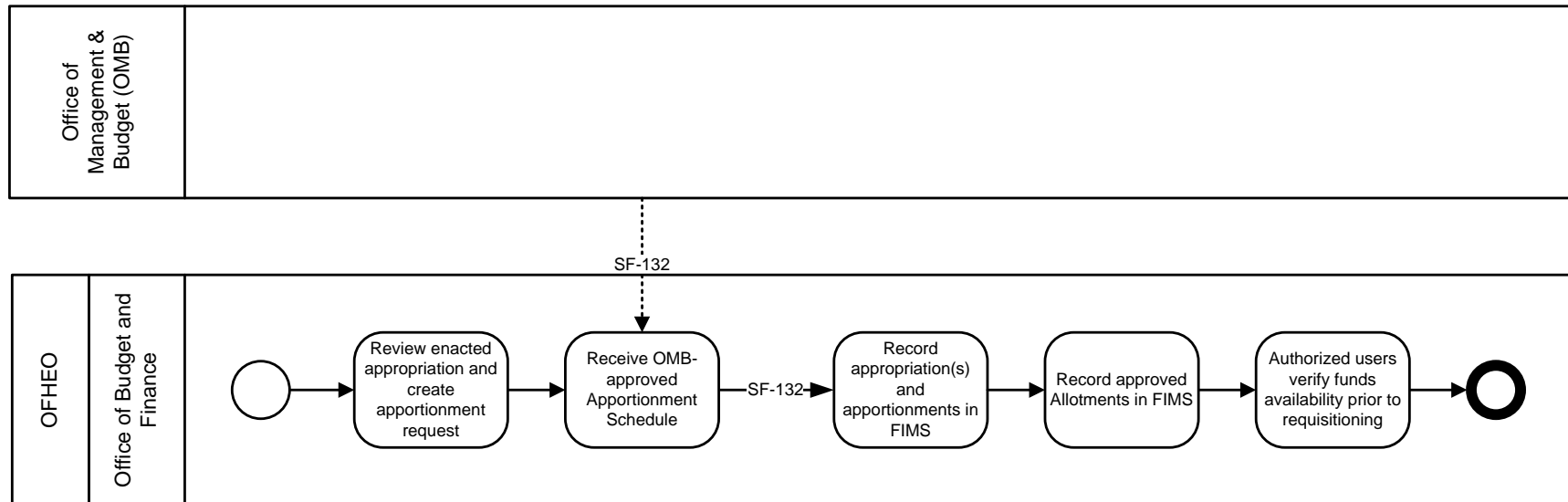
This process explains OFHEO's budget execution activities.

Table 4-48 Execute Budget Activity Steps - OFHEO

Trigger	Activity Steps No.	Activity Description	Source/ Systems	Performed By	Frequency
Enacted Appropriations	1.	OFHEO Office of Budget & Finance reviews the enacted appropriation act and develops apportionment form	Form SF-132	Office of Budget & Finance	Varied
	2.	Receipt of OMB approved Apportionment / Reapportionment Schedules (SF-132s)	SF-132	Office of Budget and Finance	At least annually.
	3.	Record SF-132s into FIMS. Below are example of the types of budget authority that OFHEO records: - apportionment line item (Category B)	SF-132	Office of Budget and Finance	At least annually.
	4.	Record the approved OFHEO Advice of Allotments into FIMS budget execution subsystem. Budgets are established in FIMS by entering the approved budgets for program offices. These documents define the amount of funds available at each budget level and they must be processed prior to any spending documents. Establishment of a new budget and budget changes involves a three-step process before funds are available for spending. Budget controls are affected in FIMS through a phased budget recording and automated approval system. Appropriate General Ledger accounts are updated as budget documents are entered and approved at levels approved by the OFHEO Director.	OFHEO -FIMS	Office of Budget Finance	Annually with updates as needed during the Fiscal Year.
	5.	Authorized users verify the availability of funds before requisitioning. Budget distribution controls are also	FIMS	Approving Official	Daily

Trigger	Activity Steps No.	Activity Description	Source/ Systems	Performed By	Frequency
		<p>established in FIMS for each appropriation or fund code which automatically restricts the processing of subordinate budget distribution documents to amounts authorized. The appropriation amount, or the amount established for each fund code, determines the overall amount authorized. Subsequent subordinate distributions are restricted to the amount of the next higher level, for example:</p> <ul style="list-style-type: none">• apportionment of funds cannot exceed the amount appropriated or established for the fund code;• advice of allotments cannot exceed the amount established at the apportionment level;• Distribution to program/object class cannot exceed the amount established at the allotment level; etc. <p>An error message is automatically generated when a subordinate budget distribution exceeds the amount of the next higher level and the transaction is rejected.</p>			

Diagram 4-47 Execute Budget - OFHEO



4.6.2 Purchasing (Commitments and Obligations)

4.6.2.1 Manage Purchasing (Contracts)

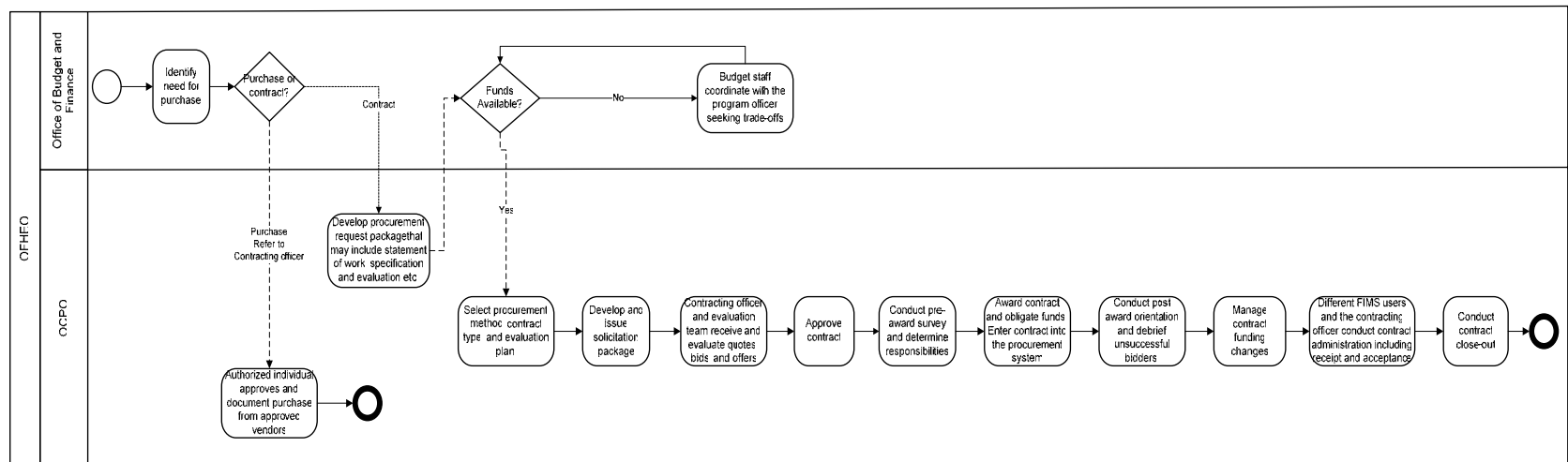
This process documents OFHEO's procurement activities.

Table 4-49 Manage Purchasing (Contracts) Activity Steps - OFHEO

Trigger	Activity Steps No.	Activity Description	Source/ Systems	Performed By	Frequency
Decision to procure an item	1.	OFHEO Office of Budget & Finance decides the type of purchase (Micro purchase using bank card or contract). [Micro purchase means acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold of \$2500.00.]	FIMS Department of Commerce Bank Card System	Contracting Officer	
	2.	If not a micro purchase, develop procurement package that may include statement of work, purchase request, or specification and evaluation criteria.	FIMS or OA	Contracting Officer	
	3.	Check for funds availability. If funds are not available, the Budget staff coordinate with the program officer seeking trade-offs.	FIMS	Office of Budget Finance	
	4.	Select procurement method, contract type, and evaluation plan.		Contract Officer	
	5.	Develop and issue solicitation package.		Contracting Officer	
	6.	Receive and evaluate quotes, bids, and offers.		Contracting Officer and evaluation team.	
	7.	Approve purchase or contract.		Contracting Officer	
	8.	Conduct pre-award survey and determine responsibilities.		Contracting Officer	
	9.	Award contract and obligate funds. Enter purchase order or Contract into the procurement system.		Contracting Officer	
	10.	Conduct post award orientation and debrief unsuccessful bidders.		Contracting Officer	

Trigger	Activity Steps No.	Activity Description	Source/ Systems	Performed By	Frequency
	11.	Manage contract funding changes.		Contracting Officer	
	12.	Conduct contract or purchase administration including receipt and acceptance.		Different FIMS users and Contracting Officer	
	13.	Conduct contract close out.		Contracting Officer	

Diagram 4-48 Manage Purchasing - OFHEO



4.6.2.2 Manage Payroll

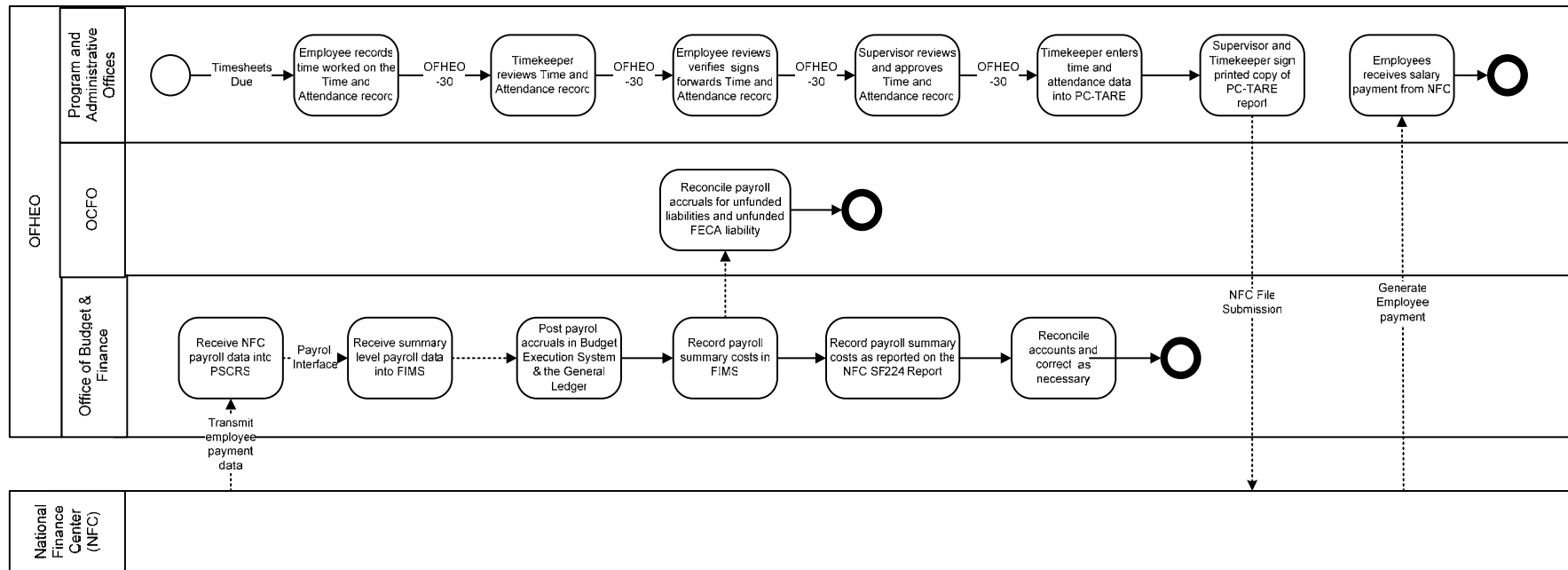
This process describes how OFHEO employees record time and attendance and process payroll transactions.

Table 4-50 Manage Payroll Activity Steps - OFHEO

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
Employee completes Bi-weekly time report	1.	Employee records hours worked on the Time and Attendance Record, OFHEO Form 30 and route to Supervisor	OFHEO Form 30	Everyone	Bi-weekly
Supervisor approves timesheet	2.	The Supervisor reviews the Time and Attendance Record, for completeness and certifies the accuracy of entries.	OFHEO Form 30	Supervisor	Bi-weekly
Timekeeper Review	3.	Timekeeper supports employee and supervisor in ensuring that OFHEO Form 30 is correct.	OFHEO Form 30	Employee/Supervisor	Bi-weekly
Data Input NFC system	4.	Timekeeper inputs data to reflect Form 30 information	NFC STAR	Timekeeper	Bi-weekly
Timekeeper certifies ready for transmittal	5.	The PC-TARE file is electronically submitted to NFC for payment.	NFC STAR	Timekeeper,	Bi-weekly
File transmitted to NFC	6.	Payroll Systems Specialist or Head Timekeeper transmit	NFC STAR	Office, Budget and Finance	Bi-weekly
NFC File Submission	7.	NFC makes payment to the employee. In some cases, the employee may owe OFHEO for a salary overpayment. If so, the overpayment amount is offset with the employee's salary amount.		NFC	Bi-weekly
Payment made by NFC	8.	NFC sends data back to OFHEO. Personal Service Cost Reporting System (PSCRS) transforms the payroll data from an 18-digit NFC code to a 7-digit FIMS organizational code. Once the translation is complete, the transaction is posted to the Budget Execution System and the General Ledger.	PSCRS	Office, Budget and Finance	Bi-weekly
Accounting for payroll	9.	These transactions come in as standard voucher (SV) transactions. Data is processed at a summary level	PSCRS FIMS	Office, Budget and Finance	Bi-weekly

Trigger	Activity Step No.	Activity Description	Source / Systems	Performed By	Frequency
		from PSCRS into FIMS. These transactions are summarized at the budget object code (BOC), organization, division, and fund level.			
Accounting for payroll	10.	Record payroll accruals for unfunded liabilities (annual leave) and unfunded FECA liability. The unfunded liability is recorded on an annual basis. The unfunded FECA liability is recorded on a monthly basis.	FIMS	OCFO	Annually / Monthly
Accounting for payroll	11.	Record the payroll costs as reported on the NFC SF-224 Statement of Transactions Report. These costs are reported on the SF-224 report as net disbursed amounts.	FIMS	Office of Budget and Finance	Monthly
Accounting for payroll	12.	Payroll account reconciliations are performed, and take corrective actions as necessary.	FIMS	Office of Budget and Finance	Bi-weekly

Diagram 4-49 Manage Payroll - OFHEO



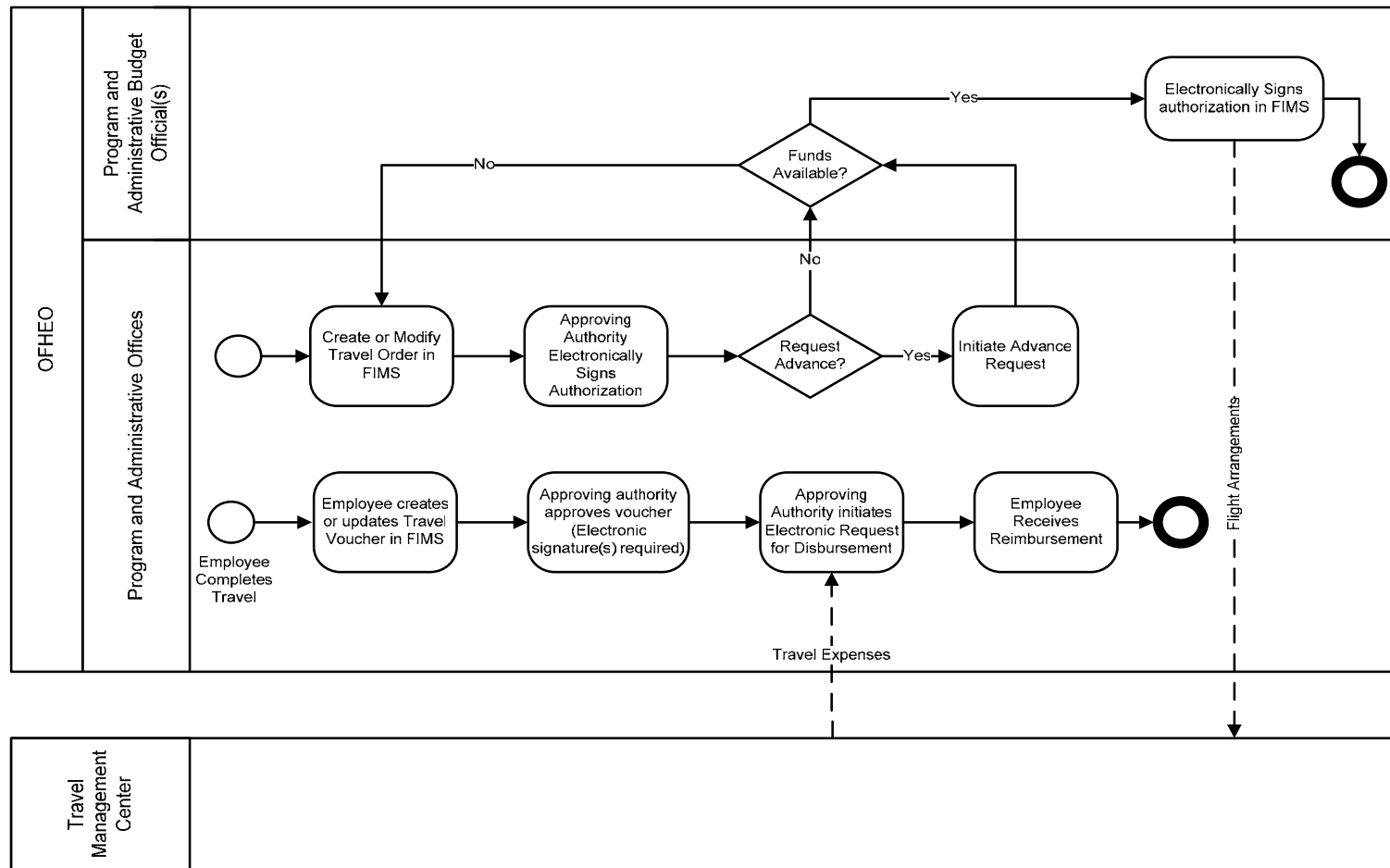
4.6.2.3 Manage Travel

This process describes how OFHEO manages travel-related activities for TDY travel.

Table 4-51 Manage Travel Activity Steps - OFHEO

Trigger	Activity Steps No.	Activity Description	Source/ Systems	Performed By	Frequency
Travel is authorized	1.	Travel Order is processed in FIMS and approved by the delegated officials in the employee's chain of command. Electronic routing is done by FIMS.	FIMS	Traveler or Administration Asst.	Upon demand
Approving Official Signature	2.	Budget official(s) reviews, signs, and funds certified travel authorization and general ledger is automatically updated for obligation. Authorization e-mailed to Travel Management Center.	FIMS	Budget Official(s)	Varied
Air Travel Required	3.	If traveler requires flight or other arrangements, Travel Management Center supports and electronically provides invoice to Office of Budget and Finance	OMEGA	Traveler	Varied
Travel has taken place	4.	Travel Voucher prepared and submitted electronically (electronic signature) and adds any explanatory notations on the voucher.	FIMS	Traveler or Administration Asst.	
Voucher completed	5.	Voucher is electronically routed to delegated approving officials for that employee's chain of command and electronic action is taken.	FIMS	Approving Officials	
Certification of Voucher for Payment	6.	Voucher is electronically routed for review and certification. Upon certification, the payment is generated in FIMS with General Ledger updates and included in daily extract to Treasury.	HTMS HUDCAPS	Office of Budget and Finance	

Diagram 4-50 Manage Travel - OFHEO



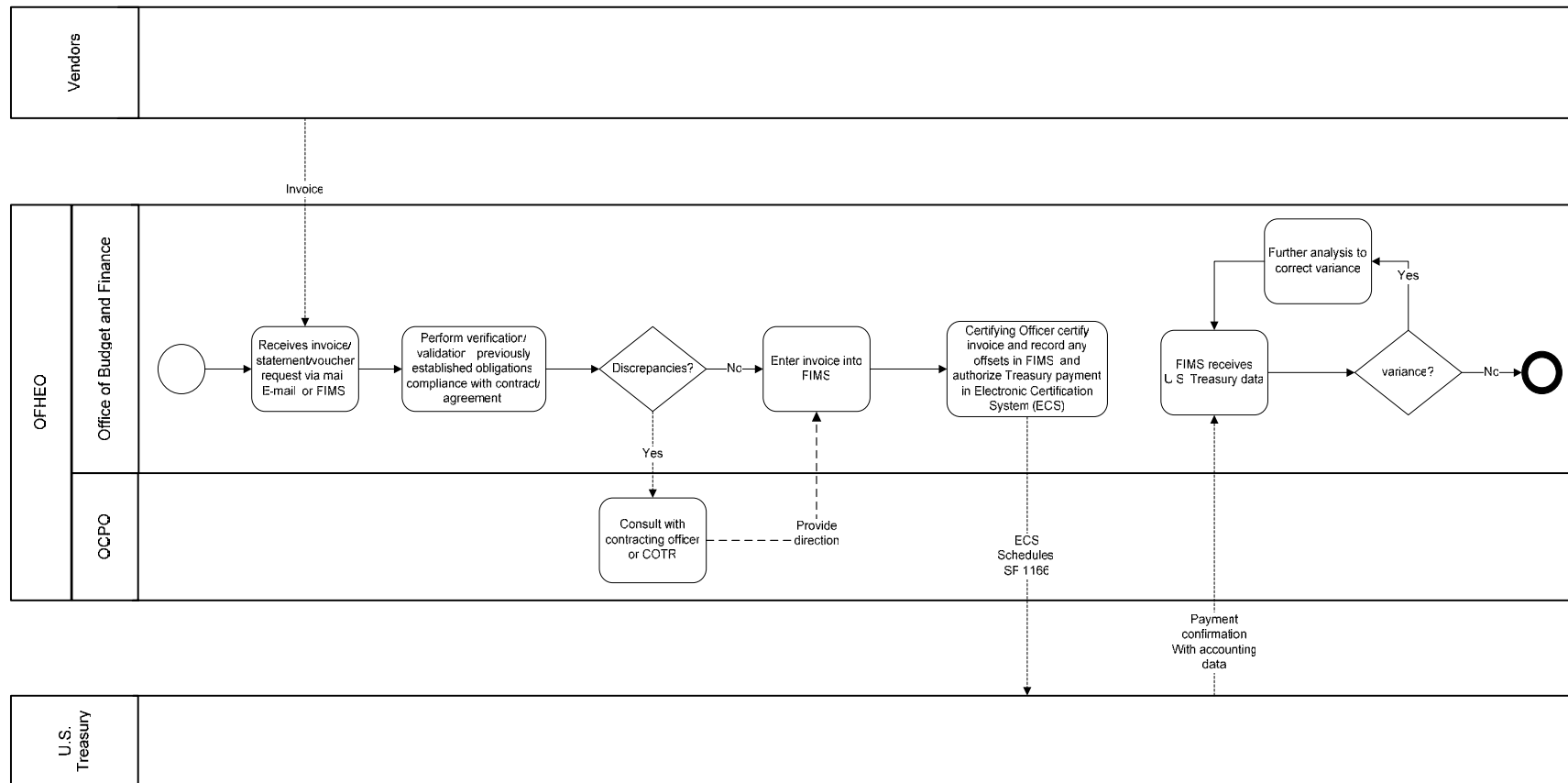
4.6.3 Accounts Payable (Expenditure) Management

This is the payment process used by OFHEO to liquidate obligations, initiate payment requests, and receive confirmation of payment from Treasury.

Table 4-52 Execute Payments Activity Steps - OFHEO

Trigger	Activity Steps No.	Activity Description	Source/ Systems	Performed By	Frequency
Invoice or voucher	1.	Receipt of invoice/statement/voucher request	Mail, E-mail FIMS	Office of Budget and Finance	
	2.	Verification/validation: funds check, previously established obligation; compliance with contract/agreement. Move to appropriate payment venue.	FIMS	Office of Budget and Finance with consultation from Contracting Officer or COTR	
	3.	Invoice/statement/Voucher Request <ul style="list-style-type: none"> • Bankcard • 3rd Party Contractors • Vendor invoices • Tickets for travel • Relocation 	FIMS	Office of Budget and Finance	As necessary
	4.	Approved vouchers/requests are entered. <ul style="list-style-type: none"> • Wages, salaries, retirement benefits • Inter-governmental agency payments • Travel • Vendor/Contractor invoices 	FIMS	Office of Budget and Finance	Varies Monthly
	5.	Notification of approval to pay (Certification by Certifying Officer) is sent to Treasury.	SF-1166/FIMS	Office of Budget and Finance	Monthly
	6.	Treasury pays the request.	Automated Process: SF-1166, SF-1164	Treasury	
	7.	Treasury returns a notification of payment to FIMS.	FIMS	Treasury	

Diagram 4-51 Execute Payments - OFHEO



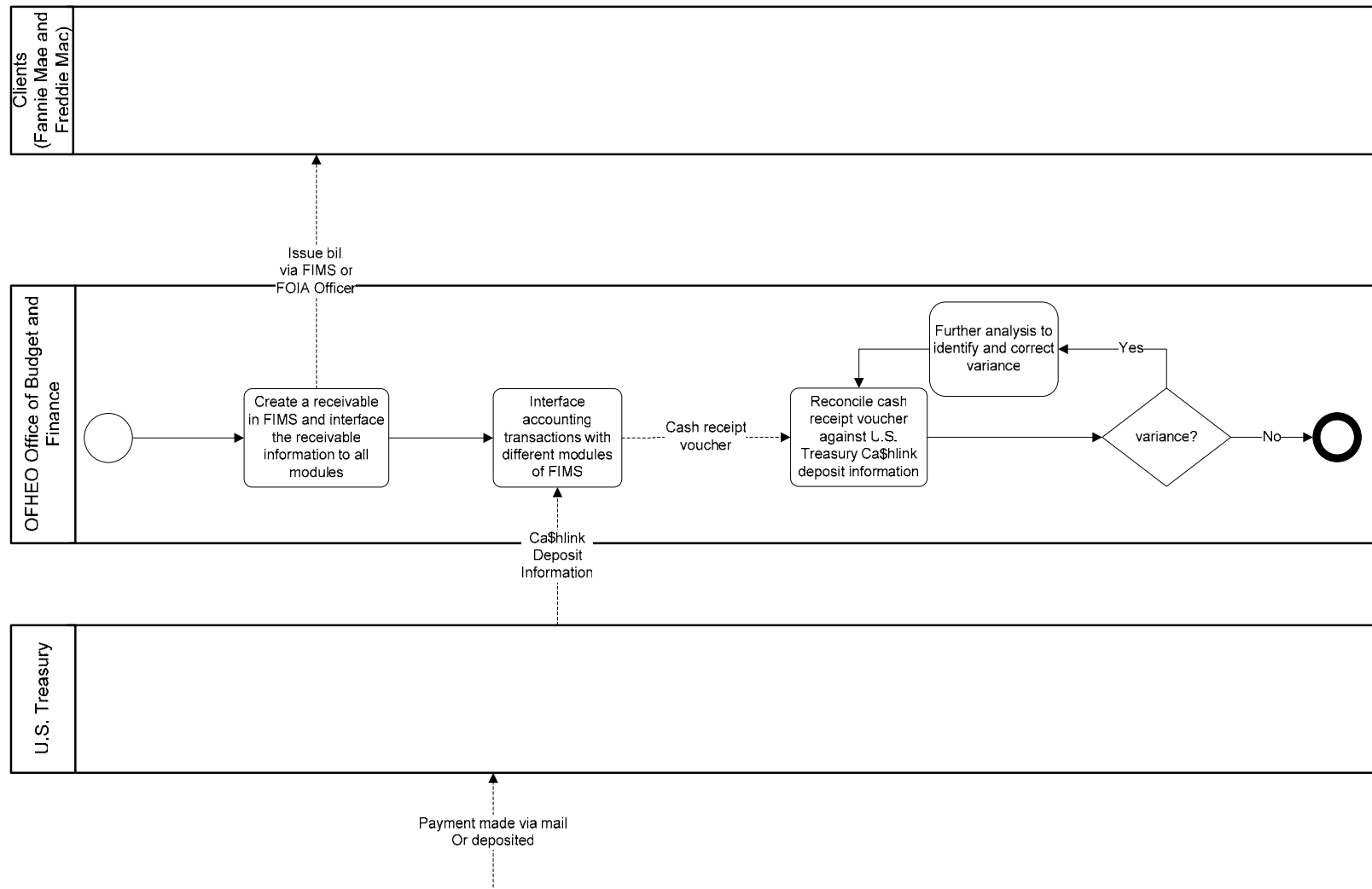
4.6.4 Accounts Receivable Management

This process explains how OFHEO manages receivable and collection activities.

Table 4-53 Manage Receivables Activity Steps - OFHEO

Trigger	Activity Steps No.	Activity Description	Source/ Systems	Performed By	Frequency
OFHEO issue bill to its clients	1.	A receivable is created in the FIMS.	FIMS	Office of Budget and Finance	As required
	2.	Customers are issued a bill for their receivable amount (In some instances a bill may not be generated.)	FIMS or FOIA Officer	Office of Budget and Finance	Monthly
System interface	3.	Receivable information is interfaced to different modules of the FIMS.	FIMS	Office of Budget and Finance	Daily
	4.	A file from U.S. Department of Treasury CashLink is downloaded to FIMS	FIMS Cash Link	Office of Budget and Finance	Daily
System interface	5.	Accounting transactions are interfaced with different modules of the system.	FIMS	Office of Budget and Finance	Daily
Receipt of Payment	6.	Payments may be received through the U.S. Mail and are deposited and recorded in FIMS.	FIMS	Office of Budget and Finance	
	7.	A reconciliation of the receipts posted in FIMS is performed against the CashLink file received from Treasury.	FIMS	Office of Budget and Finance	Daily
	8.	Once all activity has been posted to the General Ledger, the updated ledger is reconciled.	FIMS	Office of Budget and Finance	Monthly

Diagram 4-52 Manage Receivables - OFHEO



4.6.5 Asset Management

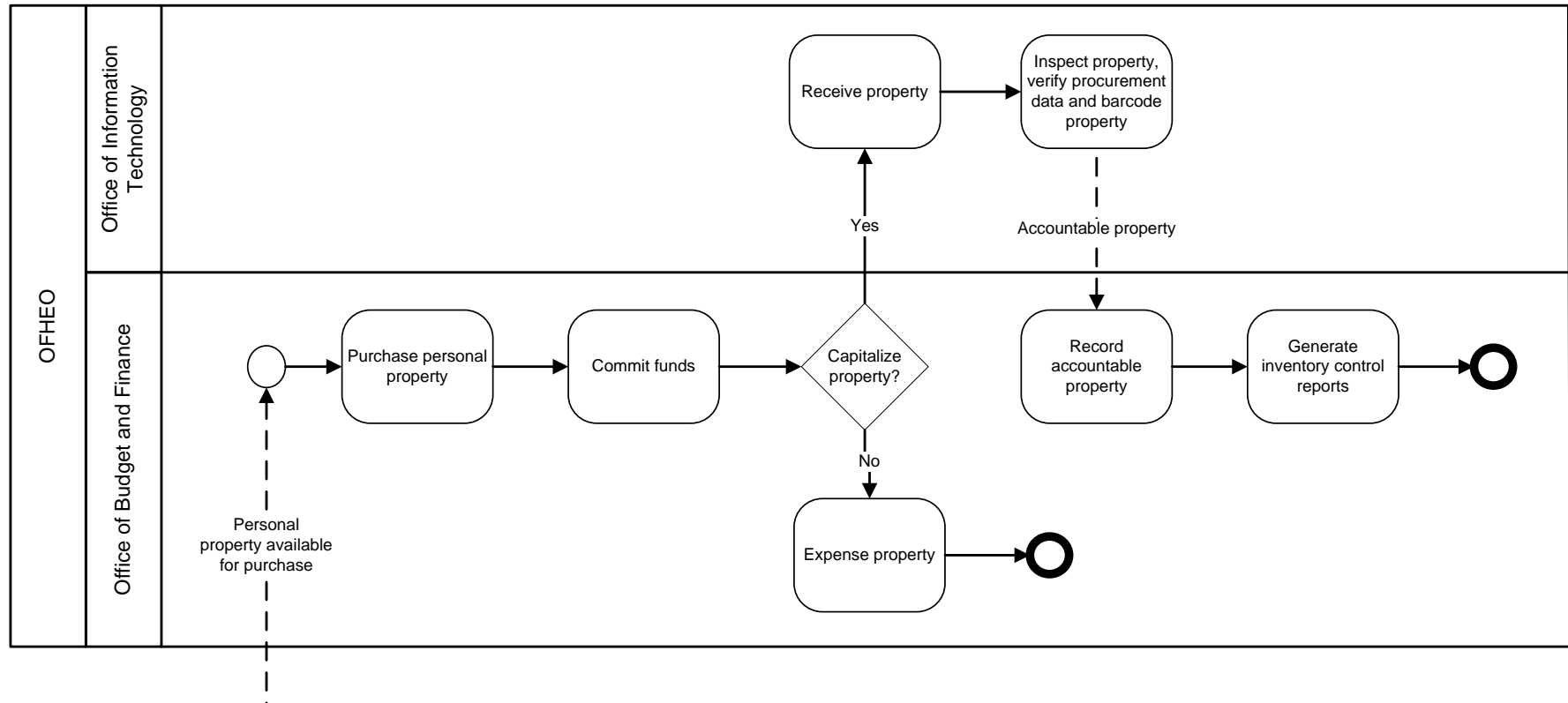
4.6.5.1 Acquire Personal Property and Equipment (PP&E)

This process explains how OFHEO acquires personal property.

Table 4-54 Acquire Personal Property and Equipment Activity Steps - OFHEO

Trigger	Activity Steps No.	Activity Description	Source/ Systems	Performed By	Frequency
Purchase personal property	1.	At the time of funds commitment, a determination is made about whether the property should be capitalized under OFHEO capitalization policies	FIMS – iProcurement module	Office of Budget and Finance	Funds Commitment
Receive and inventory property	2.	At receiving point, inspect property, verify procurement data, barcode property and enter into FIMS.	FIMS	Office of Finance and Budget and/or Office of Information Technology	Point of delivery
Reporting requirements	3.	Reports are generated for inventory control reconciliation.	FIMS – iProcurement module	Office of Budget and Finance	As needed
Accounting for property	4.	Property is coded from the beginning of the purchase request for capitalization and is automatically accounted for in FIMS. Non-capitalized property is expensed. Accountable property is maintained on inventory in FIMS.	FIMS	Office of Budget and Finance	As appropriate

Diagram 4-53 Acquire PP&E - OFHEO



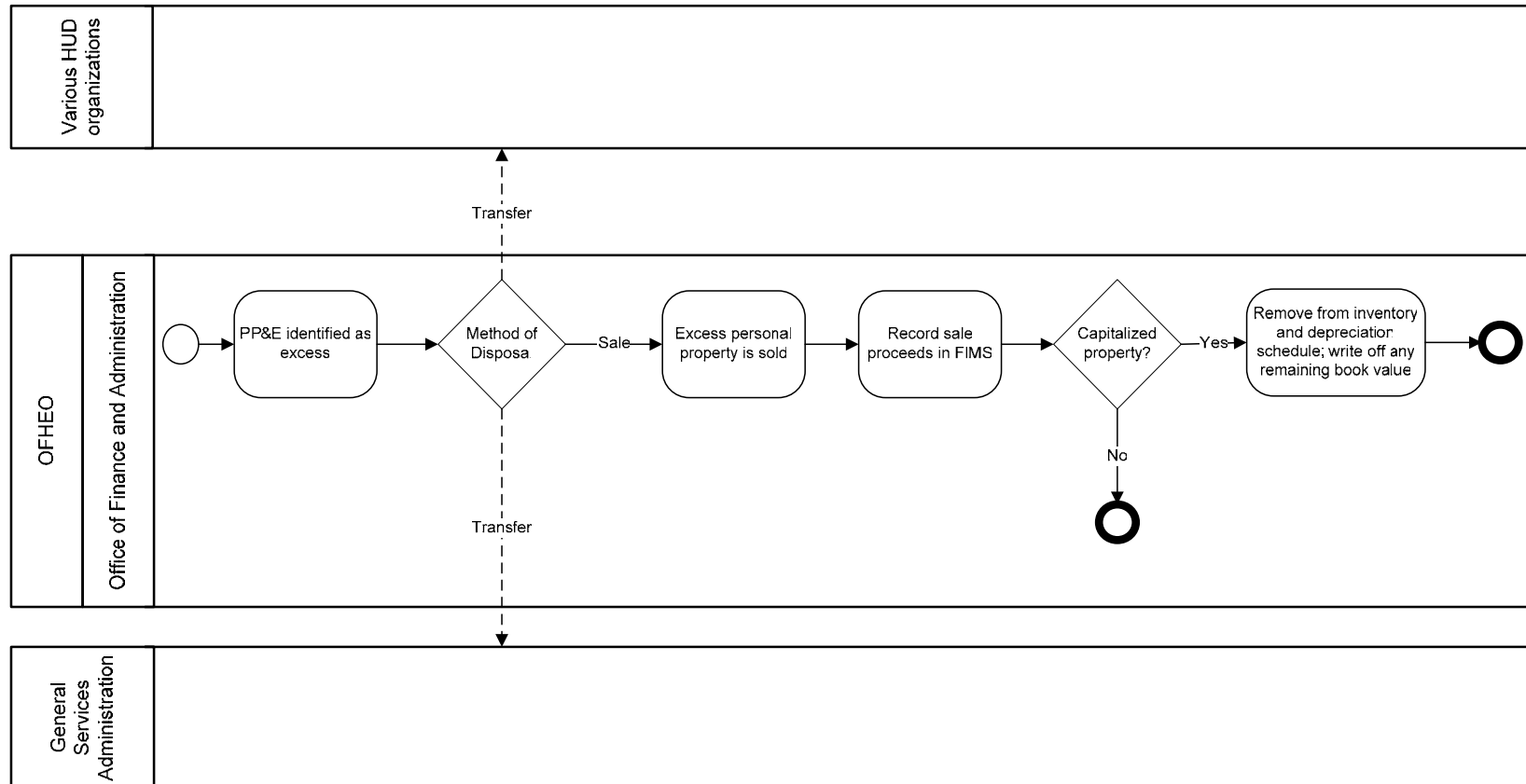
4.6.5.2 Dispose of Personal Property & Equipment

This process explains how OFHEO disposes of excess or transfers personal property.

Table 4-55 Dispose of Personal Property and Equipment Activity Steps - OFHEO

Trigger	Activity Steps No.	Activity Description	Source/ Systems	Performed By	Frequency
Personal Property identified as excess	1.	External Transfers of Personal Property between OFHEO, other HUD organizations, GSA, and others.	FIMS	Office of Finance and Administration	Personal Property identified as excess
Personal Property identified as excess	2.	Disposal of Personal Property: Excess to the needs of the Department. Personal Property for sale.	FIMS	Office of Finance and Administration	Personal Property identified as excess
Property excess	3.	Entries are recorded in FIMS property inventory, and if capitalized removed from inventory and depreciation schedule. If property has book value, write off in FIMS.	FIMS	Office of Finance and Administration	As Appropriate

Diagram 4-54 Dispose of PP&E - OFHEO



4.6.6 Financial Reporting

4.6.6.1 Generate FACTS I, FACTS II, and Consolidated Financial Statement Reporting

This is the reporting process used by OFHEO to generate the FACTS I, FACTS II, and Consolidated Financial Statements.

Table 4-56 Generate FACTS I, FACTS II, and Consolidated Financial Statement Activity Steps - OFHEO

Trigger	Activity Steps No.	Activity Description	Source/Systems	Performed By	Frequency
Federal Reporting Requirements	1.	Financial transactions performed in the accounting module are interfaced with the General Ledger module.	FIMS	Office of Budget and Finance	Daily
	2.	Office of Budget and Finance generates a preliminary (pre-close) month-end trial balance and analyzes account balance relationships to determine if there are discrepancies. If discrepancies exist, further individual account analysis is performed.	FIMS	Office of Budget and Finance	Monthly
	3.	Office of Budget Finance performs a procedural closing process and generates a closed (final) trial balance for the month. This becomes the basis for the external financial reporting data.	FIMS	Office of Budget and Finance	Monthly
	4.	Generate preliminary FACTS I and FACTS II reports.	FIMS	Office of Budget and Finance	Quarterly Annually
	5.	Office of Budget and Finance staff reconciles the reports and performs adjustments if there are variances.	FIMS	Office of Budget and Finance	Monthly
	6.	Office of Budget and Finance submits the final FACTS reports directly to Treasury; HUD-OCFO has access to information via its Treasury FACTS application.	FIMS	Office of Budget and finance	Quarterly Annually

Trigger	Activity Steps No.	Activity Description	Source/Systems	Performed By	Frequency
	7.	Office of Budget and Finance prepares quarterly financial statements in accordance with OMB 01-09 "Form and Content" and utilizes the U.S. SGL crosswalks in its preparation.	FIMS	Office of Budget and Finance	Quarterly
	8.	Office of Budget and Finance completes the HUD-OCFO spreadsheet template for financial statements which HUD uses to import OFHEO's data into Hyperion.	FIMS	Office of Budget and Finance	Quarterly
	9.	Office of Budget and Finance completes the HUD-OCFO spreadsheet template for financial statements, notes and RSI which HUD uses to import OFHEO's data into Hyperion.	FIMS	Office of Budget and Finance	Annually
	10.	Office of Budget and Finance submits its quarter-end trial balance to accompany its submission of the financial statement spreadsheet template.	FIMS	Office of Budget and Finance	Quarterly
	11.	Office of Budget and Finance completes the HUD-OCFO spreadsheet template for the GFRS/Closing Package.	FIMS	Office of Budget and Finance	Annually
	12.	Office of Budget and Finance completes the Reconciliation/Confirmation - Intergovernmental Activities and Balances report (spreadsheet format). Data to complete this report is extracted from FIMS based upon transactions that have been coded as "federal." This report is submitted to the HUD-OCFO.	FIMS	Office of Budget and Finance	Quarterly
	13.	Office of Budget and Finance summarizes OPM benefit expenditures from data extracted from FIMS based upon object classification. The spreadsheet that summarizes this data is submitted to the HUD-OCFO.	FIMS	Office of Budget and Finance	Quarterly
	14.	The OCFO staff generates supplemental external reports to Treasury on an as needed basis. For instance, an audit may raise issues that require journal entries to adjust account balances in a prior month or prior year. As a result of these changes, the amounts on the reports may change requiring submission of a	FIMS	Office of Budget and Finance	As Needed

Trigger	Activity Steps No.	Activity Description	Source/Systems	Performed By	Frequency
		supplemental report.			

Diagram 4-55 Generate FACTS I, FACTS II, and Consolidated Financial Statement

